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FROM THE CONTENTS

FAO FACED WITH NEW TASKS

Lj. Sekulić

SPAIN AND MOROCCO

Rade Nikolić

JAPAN AND SOUTH — EAST ASIA

M. Janić

ECONOMIC CONTRADICTIONS IN NATO

Vlada Milenković

COEXISTENCE AND THE ROLE OF MASSES

M. Vilfan

MILITARY ASPECTS OF THE ATLANTIC PACT

M. Simić

THREE PROBLEMS BEFORE UNO

V. Cvetić

THE YUGOSLAV PEOPLE'S ARMY

Duro Lončarević

SUCCESSFUL ECONOMIC COOPERATION BETWEEN ITALY AND YUGOSLAVIA

— INTERVIEW WITH ITALIAN MINISTER OF FOREIGN TRADE —

The editors of this Review requested the Italian Minister of Foreign Trade Mr. Carli for an interview on the subject of Italo-Yugoslav economic relations. His Excellency Minister kindly replied to the following questions submitted him:

QUESTION: In view of the complementary character of the Italian and Yugoslav economies, the „Review of International Affairs“ would appreciate your views on the ways and means in which this fortunate circumstance could be best utilized for the expansion of mutual economic cooperation. Do you consider, Your Excellency, that there are conditions for a more intensive commodity exchange and which are the possibilities which could be utilized in order to accomplish this objective as fully as possible?

in Italo-Yugoslav trade economic relations. It should be borne in mind that the foregoing figures which refer to goods which passed through the customs are incomplete, as small deliveries of goods have been made so far according to contracts concluded, or whose negotiations are currently under way under the terms of the Agreement on Economic Cooperation between the two countries.

August this year which anticipates the use of multilateral lire for mutual payments, to the decision of the Italian Exchange Office of September this year authorising the Italian banks to grant credits to foreign banks without previous permission, and, finally, to the decision announced a few days ago authorising the Italian Exchange Institute to finance commodity export intended for consignment warehouses.

QUESTION: We are particularly interested as to your opinion on the development of trade so far. Are the Italian importers satisfied with the quality and choice of goods and the way in which commodity exchange is being implemented? This also refers to the new payments system introduced in our country, namely its effects on trade in your opinion and in the light of the experiences gained by the Italian in this connection?

It is superfluous to stress the significance for Yugoslavia of the system of payments in multilateral lire; it is sufficient to recall that thanks to this system the countervalue of Yugoslav exports to Italy will be used for the purchase of goods in an extremely broad area, covering almost all countries of the world; with the exception of those belonging to the so-called „dollar area“. The authorisation given to the banks to open and utilize credits without restrictions makes it possible to harmonise finance trade with the resources available, thus eliminating the difficulties of state financing which, apart from necessitating many problems to

ANSWER: Trade between Italy and Yugoslavia showed a sustained upward tendency during the past few years, which was particularly obvious during 1957. Data on trade between the two countries for the first half of this year, which were published by the Central Statistical Office, show that Italian exports to Yugoslavia rose by 21.9 percent, and Italian imports from Yugoslavia by 11.5 percent. Thus the total volume of trade was increased by 14.7 percent, as compared to the same period of 1956. These data moreover do not afford a complete picture of the expansion which has taken place

be overcome, has proved unprofitable or inadequate in practice. Lastly, the financing of export intended for consignation warehouses enables the Italian exporters to acquaint foreign importers with the products of interest to them under better conditions. Besides from these positive elements which aim at the increase of commodity exchange, one should also mention the no less gratifying fact, especially from the banking point of view, of the satisfactory development of the activities foreseen by the Agreement on economic cooperation. In the course of a few months 30 million dollars worth of contracts were financed by Italian crediting institutions.

This points to the conclusion that, from the standpoint of foreign exchange, Italy offers the best possible conditions to businessmen. They are now in a position to purchase a series of articles in an extremely broad area which covers many countries, and their decisions will mainly depend on two considerations, that of price and quality.

The abovementioned facilities will be provided with a view to contributing to the promotion of commodity exchange, and have special significance in the case of Italo-Yugoslav trade, in view of the complementary character of the two economies. It is now necessary that our ex-

porters should gain the maximum possible acquaintance with the products available for exports. The Italian Government intends, on its part, to endorse every scheme aiming at this objective which will take concrete form in increased commodity exchange and better terms of trade.

QUESTION: Within the framework of Italo-Yugoslav economic relations technical cooperation appears as a problem which requires the endeavours and understanding of both sides. Could you tell us, your Excellency, what are your views concerning the possibilities and prospects of technical cooperation?

ANSWER: As regards technical cooperation, the Italian Government intends to put into effect the agreement reached within the framework of the Treaties of Rome, as it considers such cooperation as leading towards increase of trade and productivity, apart from enabling a better understanding of mutual economic problems. Consequently the Italian authorities will endeavour to overcome all difficulties which might occur during the accomplishment of the objectives foreseen by this agreement.

QUESTION: The experiences acquired by your country with regard to the Common Market, its problems and achievements, and

future prospects are also of interest to our readers. In view of the fact that the Common Market is calling forth broad interest of the European public opinion, would you kindly state your views on the subject on this occasion.

ANSWER: Contemplated from the wider point of view, it may be said that the objective aimed at by the Italian Government in its foreign economic relations is equilibrium of the balance of payments on the highest possible level of commodity exchange. In order to accomplish this objective Italy has for several years now been resolutely pursuing a policy of liberalization of trade and multilateralization of payments. This policy is embodied at present in an action aiming at the substitution of the existing bilateral agreements by instruments based on multilateral lire, and in the desire to increase the number of free imports as soon as possible.

The acceding of Italy to the treaty which foresees the creation of a common market of the six signatory states coincides with the course outlined above. In other words Italy does not consider the common market as a closed preferential and autarchic zone, but as a step further towards a system of foreign economic relations, based on the free flow and movement of goods, labour and capital.

VIEWS AND OPINIONS

COEXISTENCE AND THE ROLE OF MASSES^{II}

Marija VILFAN

THE RELATIONSHIP OF THE MASSES TO THESE CHANGES

WHAT were the effects on the masses of all these changes of the last fifty years? Their size and depth amazes us. Think of the millions that were set in motion by World War I, by the October Revolution and by all the movements which were more or less linked with it. Think of the millions who were drawn from the village to the town by industrialization, and of the millions everywhere who were hit by the world depression, in the developed and underdeveloped parts of the world — the industrial and the agricultural producer, the man in the village and the man in town. Think of the great national movements in India and elsewhere between the two wars. Think of the Second World War, which ploughed up Europe, and continued in gigantic movements such as the Chinese Revolution. After the Second World War, Africa entered the world stage. In Latin America, which was not directly hit by the wars, the process of industrialization started, and the great depression was felt. We do not exag-

gerate when we say that never before in history was there a period in which so many millions were set in motion as during the last 50 years.

These were mass movements whose total effect superseded the arithmetical sum of the individuals who took part in them. Individuals were disappearing in them. Yet all these movements resulted from the fact that millions and millions of individuals were compelled to live a much more intensive life than their forefathers. The millions which were drawn into industrialisation had been merely vegetating until then, simply reliving, from day to day, their age-old existence. Now they acquired knowledge by taking part in modern production, and the possibility of a life they had never dreamed of, rose before their eyes. New individuals were being born through the breaking up of traditional moulds, and these individuals became part of the new mass movements.

The great depression had a similar effect on the developed part of the world. Here too millions and millions of individuals became politically and socially more active. We

may therefore say that the epoch following on World War I has been increasingly an epoch of the masses, because it is an epoch of the increasing importance of the individual.

Mass movements had, indeed, existed before the First World War. I have in mind the working class movement in the developed parts of the world, but the difference between the earlier and the later movements was not only that the latter extended all over the globe. The aims of these movements also changed.

In the developed parts of the world the working class movements mostly limited themselves to demands for a higher living standard, and for the political changes this entailed. These movements identified themselves to a certain extent with the international position of their countries. And this is more or less the case today.

The movements which evolved in the less developed and the undeveloped parts of the world were much wider in scope. The individuals taking part in these movements did not think of their problems as merely concerning the living standard, which could be solved within the framework of the existing states. They felt that it was necessary to change their lives completely, that it was sometimes necessary to destroy the old state and build a new one. This feeling lies at the bottom of the socialist orientation of many new states.

This difference between the mass movements in the developed and the undeveloped parts of the world was the cause of the rift between the Second and the Third International and, in another form to-day, between the Socialist International and the Socialist parties of Asia and Latin America.

These trends in mass movements of the undeveloped countries are directly connected with the changes in the world economic structure. The masses feel that their economic and social problems are closely linked with the ability of their countries to make decisions about their problems in their own interests. Therefore they are all at the same time nationalist and socialist.

It may seem that this huge wave of mass movements, which started after the First World War, has made world problems more acute instead of mitigating them. It may seem that the problems which once existed among a dozen internationally active states have been replaced by hundreds of problems of states which have become more active, of states which are being born, and of those which are still preparing themselves for freedom. It may seem that with the appearance of these mass movements, the problems have not only grown in numbers but have become more acute and irrational. This impression might be even blacker for we often perceive, cutting across the antagonisms existing everywhere, a deep solidarity of the masses in the undeveloped part of the world with regard to the demand that the fundamental conditions of human existence be equalized. We are witnesses of a solidarity among the masses of the undeveloped world which often sets them in opposition to those of the developed world.

The question arises whether amidst all these contradictions and antagonisms between the developed and the undeveloped parts of the world a new and deeper solidarity is not being born, a solidarity which will link the masses of the world in the attainment of their common goal. We believe that such solidarity is possible, and that it may come into being.

INCREASING NECESSITY FOR COOPERATION BETWEEN NATIONS

The world is much more closely linked than ever before. This is best seen in the field of transport. As a result of this linking up of the world and of its interdependence, any step, wherever taken, cannot but produce effects everywhere. Everybody is everybody's neighbour. The development of armaments affects everyone to the greatest extent, and today every individual, no matter where he is, is directly and perso-

nally interested in preventing an atomic war. This interdependence is the outcome of economic dependence and the development of technology and science, which depends to an ever greater extent on international cooperation. Economic development, too, is becoming an international problem, and progress in the advanced and underdeveloped parts of the world are interdependent.

Thus cooperation, which means the solving in common of the problems with which development confronts us, becomes not only a moral but a physical necessity. The Question is only how to cooperate.

The above arguments have often been used in favour of world government, as follows: The interests of individual states should be subordinated to the interests of the World State. Conflicts between states should come under the juris-

PERSONALITIES AND POLITICS

The Mission of Dag Hammarskjold

On his return from his recent trip to the Near East Dag Hammarskjold stated that "it is better to keep the cart on the road than pull it out of the ditch". It was thus that the Secretary-General of the United Nations metaphorically defined, not only the direct objective of his visit to Amman and Tel Aviv, but also its main results. If this is a proverb, then it has a concrete political point, and it again confirms the skill and constructive attitude and methods of Dag Hammarskjold in the performance of the mission entrusted to him. As a frequent visitor to the Near and Middle East he is well versed in the problems of this susceptible area, and as a special emissary of the United Nations he is also aware of the great responsibilities which accompanied him on his voyage to Israeli and Arab capital.

It may be rightly claimed that there is no other geographical and political region in which United Nations intervention has been so frequently indispensable and effective.

— Ten years ago UNO succeeded in establishing a truce in Palestine (a truce of sorts — but a truce nonetheless) thus "keeping the cart on the road" in spite of the many subsequent outbursts and upheavals, and preventing the renewal of bloodshed.

— Last year, during the Suez crisis, the United Nations proved capable of checking even more broadly conceived aggression in this area, which seriously threatened world peace for a time.

— In this year's Syria campaign, which led to the renewal of international tension, the United Nations again played a significant role, both directly and indirectly contributing to the pacification of spirits.

— Today the United Nations expeditionary force and its commission for the supervision of the armistice between Israeli and the Arab countries, essentially reflect two aspects of the conflict in the Middle East, and testify to the scope and intensity of continuous United Nations action in this area.

This confirms the thesis that the Middle East is the area in which US patronage is most widely felt, and which requires perpetual vigilance on the part of the world organization, lest potential conflicts in this area should lead to fresh upheavals. When (who knows how) the relations between Jordan and Israel deteriorated during the past few weeks Dag Hammarskjold, with characteristic energy, decided to intervene personally. This agreement on Mount Skopas was reached, feeling was pacified on both sides of the demarcation line, and the mission of the UN Secretary General was crowned with success.

The sceptics and those who dream of impracticable and grandiose solutions while ignoring which are simple and reasonable, those regard the frequent intervention of Dag Hammarskjold as a kind of fireman's service. To those who take a more realistic view, the efficaciousness of Hammarskjold's missions testifies to the fact that mediation is indispensable if relaxation of international tension is to be achieved. At any rate it is better to keep the cart on the road than to pull it out of the ditch, for when the cart is on the road even bigger objectives seem within closer range. But unfortunately we are often witnesses of situations on the international scene when the cart has to be pulled out of the ditch.

dition of the regular judiciary of the world state, etc. Although the idea of the world state is not now as popular as it was in the first post-war years it is still at the back of many deliberations. It often serves in one form or another as an excuse for big power policy. The argument runs: A big power must take over the world leadership since, owing to blind self-interest, we still lack world government. It should take over the burden of world leadership, and with it certain rights in regard to smaller states.

Such reasoning overlooks the fact that economic development, which brings the world closer, at the same time creates and fosters new nations, and just as it creates masses and develops individuals, so it creates a new humanity and at the same time gives birth to new nations. It is impossible to solve the problem of the masses without solving the problem of the individual, without acknowledging his autonomy, his right to full development. Thus it is also impossible to solve the problem of humanity — the problem of a new international order meeting contemporary requirements — while denying the individuality, the sovereignty of nations.

These are two phenomena resulting from the same process, and they must be solved simultaneously. The problem of the masses can only be solved through the integration of individuals in economic development, and economic development is only possible within the framework of the national economies. The successful development of the new international division of labour is only possible when individual national economies develop organically, and when they all cooperate. Attempts which run counter to this principle must prove a failure.

Only on such a basis is it possible to develop the solidarity of the mass movements of the world. We should strive them to bring about rational cooperation in the economic world development.

The interlinking of the two aspects of the problem: the economic advancement of the undeveloped countries and the simultaneous strengthening of their independence, together with the integration of individuals in the development process and their active participation in economic development is what very often fails to meet with understanding. Often offers of aid are motivated by political interests, by political scheming, and those who give aid desire to profit at the expense of their adversaries. In the world of two blocs this often happens. And because of political interests one aspect or another of the problem — either economic development or the necessity to integrate individuals in economic development — is neglected, sometimes the masses are impelled to force the problem of the living standard, regardless of national potentialities. Yet the logic of world development is such that it tends towards the correction of such a policy. Rational cooperation for economic development is possible only within the framework of UNO.

NEED FOR AN EQUAL PARTNERSHIP RELATION BETWEEN NATIONS

Put on such a basis, the problem of cooperation becomes a problem which it is possible to solve. This does not mean that the problem is easy, that irrational elements do not play their role in it. Yet such cooperation corresponds to the need of the hour.

To the Yugoslavs peaceful and active coexistence means paving the way for such cooperation — not only co-existence in the etymological sense of the word but cooperation for the attainment of the goal which is common to all of us, regardless of how one state or another interprets it in the light of its ideology.

It is important that the policy of coexistence should be not only peaceful and active but universal too. And such cooperation is only possible if nations are equal. Individual na-

tions are today much more active than they were before, much more conscious of their own possibilities; and out of this necessity the policy of coexistence should make a virtue. It can be successful only if it supports and fosters this tendency towards the active participation and independence of nations. It is impossible to build the new international order on the principle of hierarchy, on the principle of greater rights on the one side and greater obligations on the other. This does not mean that we deny the existing differences. Today, however, these differences can no longer be a source of special rights or special duties, but a problem which has to be solved. The problem might be put in the following way: How should all of us who are so different cooperate in order to reduce the differences? Our task is a common one, but our contribution to the solution will be different. Yet the difference in contribution must never lead so far as to turn a nation into a means to an end. Every nation's individuality must be taken into account, as one which can make its contribution to the fulfillment of the common goal only by building up its individuality.

Speaking of coexistence, we must stress another, perhaps very obvious fact. Cooperation among nations along the lines of integrated economic development cannot be successful if it is limited only to the economic field. Cooperation must develop along all lines.

We have already emphasised the parallelism between the international and the internal aspect of mass movements, and it is necessary to stress the same parallelism when speaking of coexistence. In the international field it is possible to develop the new type of cooperation only through the acknowledgment and development of the autonomy of individual members of the international community. Thus it is possible to solve problems arising inside the countries only if individuals are active, if the development of the individuality of man becomes our goal.

Yet we must realise that the problem is complicated for two reasons. First, the individual cannot develop in the political sphere alone. The individual personality must develop in the economic, social, cultural spheres as well. It is not only a matter of the demands that go under the name of the living standard. Other problems exist. Take the problem of nationalisation or centralisation. These problems are today common to the whole world, regardless of the political or economic system under consideration. It is necessary to stress that in the political sphere, too, problems of personal freedom arise, problems of a new type even in countries of the so-called classic democracies (party machines and the possibility of individuals influencing the policy of the party, trade union bureaucracy, decay of grass-roots democracy, etc.).

Second, in economically undeveloped countries economic development is accompanied by many profound social changes, which sometimes create a revolutionary situation, or by peaceful changes, which nonetheless mean a search for new constitutional forms, a new organisation of government. In such cases it is very difficult to judge from the outside the relationship between the state and the individual, or between the movement and the individual.

In both respects mutual understanding and cooperation are necessary. There is need for lively and sensible criticism in the light of the Human Rights Declaration of UNO — not criticism which plays up to political interests, but constructive criticism, a true expression of the conscience of world public opinion.

IDEOLOGY — ITS PROPER PLACE IN WORLD AFFAIRS

It follows from what I have said that we all have a common goal — the solution of the problem of economic development. It is of enormous significance for all of us that it is a common goal. There exists something that unites us all, regardless of all differences, even those of ideology.

It is natural that the need for ideology grows when the role of the masses in public life develops, and with it the need to interpret the world and man's role in it. On the other hand ideologies bring tension and animosity into relations between states. It is then of enormous importance to have something which unites us across ideological differences.

The more we concentrate ourselves to the attainment of this common goal, the sooner we shall discover that very often ideological differences serve only as a cover for power conflicts. Very often ideological motives are brought into the conflicts between big powers, although there is no basis for this. Thus the USA often tries to reduce attempts to gain national independence to international "communist conspiracy".

On the other hand I would like to stress a fact which becomes more and more obvious as the Asian nations develop

and strengthen their independence. One after the other they proclaim that they want to build a socialist society. They feel that such a type of society corresponds to their ideals and that it would best further economic development. This has of course nothing to do with allegiance to the Eastern bloc. These countries, together with Yugoslavia, are the main champions of the policy of active and peaceful coexistence.

It is more than ever necessary to insist that ideological warfare in relations between states must be put to an end. There is a danger that we may miss the opportunity for cooperation that has been offered us by history, and by common task ahead of us. There is a danger that the gap which exists between the undeveloped nations and the developed ones may widen and deepen, and become the source of a terrible world conflict.

JAPAN AND SOUTH-EAST ASIA

M. JANIČIĆ

IN SPEAKING of Japan, two important facts should be borne in mind regarding her external and internal policy: the division of the world into two antagonistic blocs and the pressure put on Japan from the outside, as well as the somewhat unstable internal situation of that country, engendered by her precarious economic position.

It is problematic whether the division of the world into blocs will allow Japan the time or opportunity for unhindered evolution and the development of her political forces in a truly democratic spirit. The extraneous pressure which is constantly applied to this country might occasion a regrouping of its internal forces in the most varied directions. Thus, for example, the heightened international tension might cause Japan to adopt an ambitious armament programme, or choose some other course which would precipitate tremendous consequences both for the political situation in Japan herself and for the situation in the Far East and Asia in general.

The question of economic stability and the settlement of the many economic problems upon which depends not only the political structure of the country but future Japanese policy, is another signal fact determining Japan's political relations with the rest of the world.

In the space of a century Japanese population has trebled. Today there are about 90 million Japanese, inhabiting tiny, mountainous and barren islands. With a mere 16 per cent of cultivable area, Japan has the largest density of population per unit of cultivable area in the whole world. Only their incredible zeal and skill enable the Japanese to extract the largest possible quantity of food from their small fields and the fishing grounds in the surrounding seas; and for decades the country has suffered from a food deficit ranging from 15 to 20 per cent annually. Any increase in this economic branch that is achieved in the coming years by employing new scientific methods and techniques will, at best, merely match the proportion of the population increase.

This gulf can only be bridged by importing rice from outside. But in addition to food, Japan has to go beyond her islands for many other products. To maintain the already modest standard of living of its population at the 1930-34 level, Japan has to import 40 per cent of her annual consumption of timber and woodpulp, 90 per cent of petroleum, 50 per cent of crude fertilizers, 25 per cent of potassium, 66 per cent of iron ore, 80 per cent of zinc, 100 per cent of bauxite, as well as large quantities of salt, zinc, antimony, magnesium

and other necessary minerals. Like Britain, Japan is vitally dependent on a developed foreign trade. To pay for all these indispensable imports Japan must export as much as she possibly can. But all she has to offer for export is the skill, knowledge and energy of her people. So that these assets may be realized, Japan is forced to import raw materials, convert them into manufactures, and then sell them abroad. Therefore, if the Japanese economy is to maintain itself and avoid ruin, it is absolutely necessary that there should be a constant and large influx of food and raw materials, as well as an equally constant and large flow of processed goods from Japan to other countries. Hence the saying that Japanese is "the workshop of the Far East". In order that this "workshop" should keep going, it must have sure markets for the purchase of raw materials and the sale of its manufactures, failing which it faces certain ruin. Owing to this, the whole Japanese foreign policy is based on trade. "Trade or die" is not merely a slogan, but a vital need, a question of the survival of this large Asiatic nation.

Japanese foreign trade sustained all but total ruin during the war, and the country has been at great pains to rehabilitate it. China, Manchuria and North Korea, which were important sources of Japanese imports before the war, and vital markets for the country's exports, today are more or less closed to Japanese trade, primarily for political reasons. As a result, Japan is compelled to seek fresh sources of food and industrial raw material supplies and fresh outlets for its processed goods and manufactures. Hence, in the present-day situation, the countries of South and South-East Asia have a particular significance for Japan.

From this vast area — a belt stretching from Pakistan to Indonesia and inhabited by 600 million people — Japan receives over a million tons of rice annually (supplied by Siam, Burma, Pakistan and Indochina), considerable quantities of sugar cane (Indonesia), copra (Malaya, Indonesia and Philippines), raw cotton (Pakistan and India), iron ore (Malaya, India, Philippines, Hong Kong), crude petroleum and petroleum products (Sarawak, British Borneo, Indonesia and Singapore). Copper, manganese and tungsten likewise constitute important items of Japanese import from this area. The Philippines act as Japan's largest suppliers of wood; rubber is imported from Malaya and Indonesia; and so on. These few data are illustrative of the great importance of this area to Japan as a raw materials base, and of its signal potentialities as an outlet for Japanese exports.

In order to penetrate to the markets of South and South-East Asia, however, Japan has to overcome certain difficulties.

The majority of the countries of South-East Asia in the post-war period freed themselves from colonial dominion and won national independence. They are all today being industrialized by degrees, and are anxious to emancipate themselves from dependence on imported processed goods and manufactures. Since this is easiest of achievements in the sphere of light industry, there has occurred a large curtailment of the market for Japanese textiles and other products of the country's light industry. Consequently Japan has had to carry out the reorganization of her manufacturing industries so as to be able to sell to these markets machinery and other products of her heavy industry, in which they are interested.

On the other hand, many of these countries, mindful of the large devastation perpetrated by Japan in this area during the last war, have fought shy of trading with Japan until they have satisfied themselves of her peaceable and non-aggressive intentions, and until the settlement of their war reparation claims.

ECONOMIC DIPLOMACY

In her efforts to normalize her relations with the countries in this area, Japan pursues an "economic diplomacy" in her relations with them. At the base of this policy is Japan's quest for the quickest economic expansion on the relevant markets. However, her "economic diplomacy" is not particularly effective, for the main reason that these countries have refused to sign the peace treaty with Japan while the question of their war indemnity claims is outstanding. The causes of the protracted and complicated negotiations over the reparations payments mainly narrow down to these: (a) at the outset, these countries made demands whereby Japan would have had to pay the sum 1,500 millions dollars annually; and (b) Japan was receiving considerable economic assistance from the USA and was in no hurry to settle this question until such time as its industry was capable of producing commodities and capital goods of the kind these countries need today.

At all events, once Japan had regained her industrial strength, the markets of these countries assumed momentous importance for her. The settlement of the reparations problem, as the main precondition for normalizing relations with these countries, has now taken on a new significance, and has been one of the most important issues of Japanese foreign policy, in the last two years particularly.

PROGRAMME OF ECONOMIC EXPANSION

Early last year the Japanese Government prepared a programme covering the following main points: (a) to settle the question of reparations payments as soon as possible and negotiate advantageous treaties with the countries of South-East Asia; (b) to increase Japan's contributions to the Colombo Plan; (c) to increase the granting of loans and investment credits to the mentioned countries; (d) to establish special faculties at Japanese universities for the study of and investigation of these countries, and a system of scholarships for enabling students and other public and scientific workers from this area to be trained in Japan; (e) to intensify exchange of parliamentary, governmental, trade and other delegations with the countries of South-East Asia; and so on.

Under the Reparations Agreement with Burma, concluded at the end of 1954, Japan undertook to pay to that country the sum of 250 US dollars, over 10 years, as war indemnity. This sum is inclusive of 50 million dollars US. due to be expended on the part of mixed Japanese-Burmese enterprises in Burma. The carrying out of this Agreement began early in 1955.

In May of last year, after four years of complicated negotiations, an agreement was concluded providing for pay-

ment of reparations to the Philippines also. According to this document, Japan is to pay a total 800 million US dollars, including 450 millions against war indemnity proper and 250 millions in private loans, for which the Japanese Government provides no guarantee. This total is to be paid in the course of 20 years.

In concluding these agreements Japan has particularly sought to have the payments spread over the longest possible period and that the annual contributions, at least during the initial few years, should be minimum. So far Japan has been successful on these points.

Japan is also seeking to conclude reparations agreements with Indonesia and Vietnam as soon as possible. The object of premier Kishi's trip to these countries — the second this year — was, inter alia, the solving of this problem.

In his statement of December 9 this year, Japan's Foreign Minister Fujiyama emphasized that his country would pay Indonesia 225,440.000 US dollars in reparations over the next twelve years. He also stated that a Memorandum had been signed between Japan and Indonesia on December 8 this year providing that Japan should contribute to Indonesia 400 million dollars for her economic development over the next twenty years, adding that Japan would relinquish the sum of 174,560,000 dollars she had advanced in credits to Indonesia on goods delivered to that country after the Second World War.

The Japanese premier also had a series of other questions to discuss with statesmen of South-East Asia. In these talks a conspicuous place was occupied by such subjects as the economic development of that area and the role Japan might play in the matter, the expansion of trade relations, and the question of Japan's political co-operation with these countries, both in Asia and within the framework of the United Nations.

Japan is well aware that her economic capacity and political prestige will grow and wax stronger as soon as she is able to establish solid political and, particularly, economic relations with the Asian countries which represent her natural markets. Hence the normalizing and consolidation of the political and economic ties with the countries of South-East Asia has special significance for Japan.

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ECONOMIC CONTRADICTIONS IN NATO

Vlada MILENKOVIC

THE ATLANTIC Treaty has just been surviving a political crisis. This crisis reveals accumulated contradictions developing for years in a concealed form in the conditions of block policy, being repeatedly less in accordance with an objective economic development in the world. To understand this crisis better it is also indispensable to have a closer look into economic platform, relationships of economic powers within NATO, their reaction to the attempts of subjecting everything to nuclear armament and military and strategic preoccupations.

TWO DIVERGENT GROUPS

THE NORTH Atlantic military organisation consists of 15 countries, 8 of which represent the most developed industrial area in the world economy, besides the U.S.S.R. and Japan which do not belong to this organisation. The other 7 members play a relatively minor rôle in the world economy, and some of them an entirely insignificant one. The majority of them belongs to the category of the countries being under development. The first 8 countries (the U.S.A., Great Britain, France, West Germany, Belgium, Holland and Italy) participate in the world export in about 56 per cent, while the second group (Denmark, Norway, Iceland, Greece, Portugal, Turkey and Luxembourg) participate in only 3.0 per cent. Consequently, the first group of the countries possesses a predominant position in the world exchange.

In industrial production of the world the first group participates in about 60 per cent and the second in only 2.5 per cent. Such large production of the first group also requires a wide-spread net of markets in the world, tending to penetrate into the markets all over the world.

Within the first group of the countries the U.S.A. has a dominant position, while Great Britain and West Germany share the second and the third place. The latter shows a strong tendency to reach the economic potential of Great Britain and has so far surpassed it in some domains (e.g. steel, gold reserves, etc.). The relationship of powers within this group of the countries has rapidly been changed in the course of the past years, shifting itself in favour of the strengthening of West Germany positions.

In the world production of steel the first eight countries participate in more than 60 per cent (merely the U.S.A. participation amounts to about 30 per cent), while in the world coal production they participate in about 56 per cent (the U.S.A. itself shares about 27 per cent). More than 60 per cent of the world production of naphtha and about 50 per cent of the capacities of naphtha refineries in the world is under the control of American petroleum companies. Great Britain, Holland and France (actually the third-class petroleum powers in the world nowadays, if the U.S.S.R. is taken into account) participate in the control of naphtha production and the capacities of refineries in about 20 per cent. In the world production of electric energy the U.S.A. participates in about 42 per cent, and the other 7 countries in about 22 per cent, what means that the first leading group of the NATO countries participates in about 64 per cent.

The leading group also controls the largest part of the world gold reserves and convertible currencies. According to

the condition at the end of the first half of this year under their control (in the central banks and the state) there were 78 per cent of the world gold reserves (without the U.S.S.R., East European countries and China); the largest quantities of monetary gold possesses the U.S.A. (58 per cent of the world reserves). The other 7 countries control about 20 per cent of the world reserves of monetary gold; thereof West Germany controls the largest reserves, Great Britain being fairly behind it. Except West Germany which has a very active balance of payment, all the other countries have more or less difficulties because of the vacillation of their balance of payment.

As an additional detail we shall quote the fact that the U.S.A. controls 23.5 per cent of the world commercial fleet (not taking into account the U.S.S.R.); the other 7 countries of the first group have under their control about 33 per cent of gross registered tonnage of the world commercial fleet.

Consequently, these 8 countries of the NATO members — without the U.S.S.R. and Japan, which are also great industrial powers — represent today the skeleton of the world economy. They belong to the rank of the principal world producers, exporters of goods and capital, competitors and rivals on the world market. Within this group of the countries the economic and financial potential of the U.S.A. is considerably set apart, followed by Great Britain's and West Germany's at a greater interval. Each of them has great and specific pretensions in the world economy: the U.S.A. tends to keep under its control as high economic and military potential as possible, Great Britain to play still the rôle of a financial centre and the bankers of sterling area in the world, West Germany to reach the level of a great economic and financial power. The great part of the initiatives within the North Atlantic Treaty, especially in the economic plane, comes from these three countries, the U.S.A. being in the first place. But, it does not mean that united initiatives are always to be dealt with; on the contrary, the initiatives coming from them are often divergent, if not so much in aims, then in methods.

Taking into consideration these great differences in economic potential, internal entanglement of a large number of antagonistic interests in the economic field, equally great need of all the three capitalistic economies for a control over raw material sources and for more steady, frequently also exclusive, positions on certain markets in the world, special want of a more powerful interpolating in the areas of less developed countries — one can easily see why their mutual relations are being developed along the line of contradictions, frequently concealed and even open conflicts, collisions and frictions, being also often transferred to the field of political relations. In such conditions the unity assumes an aspect of illusion.

TWO CENTRES OF ECONOMIC CONTRADICTIONS

ECONOMIC contradictions in the world are concentrated today in two domains. The first domain represents the relationships within NATO, the second the relationship between NATO and the U.S.S.R. It is not insignificant that the present phase of the political crisis of NATO is accompanied by a strongly emphasised need of opposition to the economic potential and activity of the U.S.S.R. Recently, Secretary General of NATO, Mr. Henri Spaak, in his even more frequent

analysis of international situation and the position of NATO, has constantly been pointing out to the economic side of the problem; he is led by the basic thought that NATO should overgrow the phase of military collaboration and become an instrument of an all-sided, co-ordinated political and economic action on the world plane. In the article published in New York Herald Tribune, November 24th, Mr. Spaak cries out pathetically: "Is it not absurd that in this crucial age the Western countries waste their sources in a mutual competition?" He pleads for an abolition of American monopoly over nuclear armament, and demands a co-ordination of policy of the Western countries in less developed areas, pointing out to the necessity of "economic opposition", viz., economic offensive of the Western world in every point which might be a cause of jeopardizing from the part of the East". But, first of all, he seeks such an arrangement of relations within NATO, which might exclude mutual competition and turn competitors into "united and harmonic collaborators" in a common task.

However, if we take into account the differences of the economic strength of the NATO partners, first of all the political and economic relations in the leading group of the countries — which is finally reduced to the U.S.A. Great Britain, West Germany and France — it is clear that in the questions relating to market interests, spheres of capital investment, control over raw material sources, etc. there are very few conditions for a solidarity of plans and actions in the economic field. We do not think that we make a mistake if we say that there is not such a political factor or such a political power in the present constellation and tendencies of various contradictory interests, which might tie up everything into a unique economic interest and neutralize economic contradictions growing in the structure of prolonged and irregular development and block policy.

In order to make this more clear, it is sufficient to have a look back at some of the latest phenomena, which in the present political crisis of NATO have broken out in a very austere form. Let us start with the relations between the U.S.A. and the other West European countries.

STRUGGLE BETWEEN THE U.S.A. AND ITS ALLIES

AMERICAN protectionism, its bilateral policy of giving aid to foreign countries, its methods of sale of surplus farm products, its foreign policy in the areas which have recently been under the control of West European countries, especially in Asia, the Middle East, Africa, etc. — all these are the subject of serious conflicts with other West European countries. Owing to its economic and financial strength, the U.S.A. sticks strictly to the principle of bilateral relationships in the policy of its foreign economy. The West European countries see in it an instrument of overtaking their positions, as the U.S.A. never agree to any mutual actions in less developed areas. But, the West European countries, being for that time engaged in high armament expenditures, are not able to develop any more wide-spread actions in these areas, except West Germany which keeps its currency reserves for this purpose. "Manchester Guardian" has written recently that Great Britain faces a dilemma whether to restrict its expenditures in overseas investments if it wants to secure the rôle of a banker in sterling area, or instead of these investments to pay greater attention to the strengthening and stabilisation of its own currency reserves. The British conservative press estimated this suggestion of "Manchester Guardian" as a funeral speech to the Great Britain's rôle in the world economy.

The dollar problem is merely an outward form of unbalanced relationship of economic powers between the U.S.A and the rest of the world, as well as of an inadequate position of American economy, i. e. its refusal to play the rôle of a buyer in accordance with its economic strength. On the con-

trary, by the strengthening of protectionism the U.S.A. urges the activity of one of more essential agents of disharmony in the world economy. At the same time it also means an increase of dependence of the West European countries on the U.S.A. financial sources. Great Britain was compelled during the Suez crisis to run into a 500 million debt at the Export-Import Bank; now France has also applied for a high loan. This has even more intensified the contradictions between the U.S.A. and the West European countries in the commercial field: the tendency of the U.S.A. to export as much as possible and restrict relatively its import renders the other countries unable to earn so much needed dollars.

In this complex of relationships it is also necessary to mention the failure of American policy to impose a realisation of total embargo of the West European countries towards P. R. China. In spite of the U.S.A. endeavour, this special discriminatory practice towards China has recently been abolished owing to the decision of the majority of the countries, and in respect of the embargo application it has become equal to the U.S.S.R. and the East European countries, towards which the embargo was alleviated to a certain extent long time ago.

GERMAN-BRITISH-CONTRADICTIONS

ARMAMENT burdens represent a cancer-wound in the world economy. They successively exert more pressure upon the economies of the West European countries and render them incapable of the realisation of other functions. Frequent crisis of balance of payment in the West European countries (except the U.S.A., Canada and West Germany) have grown so-to-speak into a chronic phenomenon. In the complex of this crisis the competitive power of West Germany is being pointed out as one of the factors influencing and threatening of the position of the other West European countries in their international payments. The attempt of the West European countries to approach the overcoming of the competitive power of West Germany by a revalorisation of the German mark, viz., by raising prices of German export and strengthening competition of foreign goods on the German market, did not succeed. By giving a certain support to the unsteady pound sterling, West Germany has found for the present an ally in Great Britain for the defence of the position of its mark; being left in the lurch in this ad hoc alliance. France was compelled to seek an outcome in the devaluation of the franc and failed to find it. The London "Economist" in the copy of August 17th, wrote that the German mark at the current rate of exchange did not threaten only the franc and French currency reserves, but also the currency and monetary reserves of all the other West European countries. The contradictions in the currency field among the countries of West Europe, first of all, between West Germany and the other countries remain still unsettled. In the meantime, West Germany has also abolished the last administrative barriers in the export of its capital and has been carrying on preparation for large scale actions in less developed countries.

The endeavours of Great Britain to establish the Free Trade Zone in West Europe under a strong support of West Germany in order to neutralize some possible negative actions in the European Economic Union (the common market of the six West European countries), first of all, on its own economy, does not give much hope for a recent realisation. The apprehension expressed by other countries, especially the less developed members of NATO, throw special light on the relations of "solidarity and harmony" in the framework of NATO.

A special complex of contradictions within NATO represent French-German relations, although France has opened a perspective to German capital and goods in the North Africa by drawing its over-seas territories into common market, and in spite of the fact that French and German capitals have

already collaborated in this area. On the contrary, the questions concerning the action of German competition on French export, the economic positions of French capital in Sahr, etc., remain still open.

In the complex of all these contradictions it is scarcely necessary to speak about the rivalry of old colonial rivals — France and Great Britain in the Middle East regions, and recently in the North Africa regions. It is a violent struggle for the influence and position in the Arabic world as a prerequisite condition for the conquering of control over African raw material, the Middle East naphtha, sea routes of naphtha, and

the like. Now the U.S.A. has interfered into these relations of rivalry, threatening equally both French and British positions. From the aspect of actions of the NATO powers, the Paris "Mond" characterised such a situation in this part of the world as "Entente sans le cordialité" (Alliance without cordiality).

This, of course, does not exhaust competely the theme of contradictions in the economic field among the countries of NATO. It is rather a glancing review of details characteristic for their internal relationships and a better understanding of essence of the present political crisis within NATO.

MILITARY COMMENT

MILITARY ASPECTS OF THE ATLANTIC PACT

— ON EVE OF PARIS CONFERENCE OF NATO COUNTRIES —

M. SIMIĆ

AS IS KNOWN, over 200 parliamentarians from 15 NATO member countries met in a conference in Paris from November 11 to 16. Their duty was to stage a general rehearsal of "exchanges of opinion", i. e. to prepare the December meeting of the Atlantic Council which is to be attended by the highest statesmen and military representatives from the NATO member states.

The aim of this conference, as it had been shown by numerous meetings and contacts that preceded the conference, was to consolidate and raise to a higher level the cracked solidarity of the West.

In fact, the reason for all this were the reports about the successful test of Soviet intercontinental rockets which were confirmed by the launching of the first and second Soviet artificial earth satellites.

Military and political circles in the NATO member countries received these reports with a great deal of concern, and, assuming that the security of NATO depended exclusively on the superiority in armaments and that the acceptance of any proposal for talks and agreements on the organization of peace would be "a shameful capitulation" (they acknowledge that they are weaker militarily) if such talks should take place today, they agreed that they must consult about this and similar matters and undertake certain counter measures.

This explanation of the Soviet superiority in the military field raised among these circles also the question of the effectiveness of NATO's military organization. Discussions which have already ta-

ken place show that there are people who:

- have remained loyal to NATO but who consider that it has become illusory,
- hold that the Alliance is even dangerous,
- consider that the time has come to revive the whole organization, reorganize it and adapt it to new conditions, on which America and Great Britain particularly insist.

In other words, the conference of the parliamentarians from the NATO member-states was characterized by a sharp conflict of two opposing attitudes:

American, which, with unclear promises, asks for greater efforts on the part of the European members, and

European, which, owing to the fear of "direct danger" from the Soviet Union, demands a thorough revision of the present relations within the alliance.

The parliamentarians sharply criticized the report of the Military Committee, saying that the military leaders, preserving the secrecy of the war plans, concealed many weaknesses in the defence system of the West, avoiding thus to discuss matters openly.

It seems that the idea of "mutual interdependence" dominates all the questions raised so far. It is being emphasized that the chief task is to reduce the "signs of the crisis in mutual relations" to the lowest possible level, that greater efforts must be made for "greater bloc integration".

Such integration should simultaneously take place in the internal, military, political, scientific and general fields.

The parliamentarians stated that all publicly manifested contradictions and other outstanding questions within NATO would be more thoroughly studied and illuminated at the December meeting, but that concrete measures would be devised at the next meeting which had been scheduled for February 1958.

MILITARY ASPECTS

THE assessment of the military situation within NATO's military organization was clearly and precisely made at the conference of the parliamentarians by the Military Committee which concluded that:

a) The Soviet Union no longer endangers Europe frontally, that it makes a circular movement from the south (Near and Middle East, Africa).

b) There is no cooperation between NATO's military organs; the Command is in Paris and the Committee of the Permanent Military Representatives in Washington.

c) The growing disunity in the organization of NATO's military forces, which is caused by the insufficient and superficial studies on reorganization and which produced differing tactics and logistic rules, must be stopped at any expense.

d) Some NATO member states doubt the effectiveness of the use of atomic weapons and projectiles, that there is the tendency to keep, at all times, such weapons for ones own use, while the atomic potential is exclusively in the hands of America and Great Britain.

e) Poor results were achieved in the standardization and joint production of armaments, that the member states are not eager to promote cooperation in the field of scientific and technical research, so that similar efforts are being simultaneously made in several countries which are sometimes superfluous and extremely expensive.

f) results were achieved in the unification of defence expenditures.

g) The West is lagging behind the Soviet Union in regard of the number of efficiency of scientific and technical per-

sonnel, so that such personnel must be concentrated in greater numbers in NATO.

h) Criticism must be levelled against those who, within NATO, "dominate and decide things", i.e. the Americans.

DISAGREEMENTS AND CONTRADICTIONS

BEARING in mind that proclamations, resolutions and wishes are one thing and the possibilities for their realization another, the parliamentarians from the NATO member states displayed differences of views and disagreements in insignificant and important matters.

The chief question raised was: what in the given situation are the aims and plans of America?

The answer to this question may be drawn from some statements of the responsible American factors, and it can be surmised as follows:

a) In regard to the military organization of NATO opinions are being voiced that the member states should renounce their national sovereignty" and "subordinate it to special military tasks" in wider proportions. First of all, NATO's "integral army" is proposed which would replace the present system of national contributions.

b) Every member state should produce definite kinds of weapons.

— America should produce strategic hydrogen bombs and nuclear ballistic projectiles, while Great Britain should make tactical hydrogen bombs and nuclear missiles of lesser range.

— France and Western Germany should, later, produce ballistic projectiles of short and medium range.

— Great Britain should devote her energy to the production of medium range atomic bombers, she should no longer produce fighters which would be done by France.

— The Netherlands and Belgium should unite their air forces and Norway and Denmark their navies.

d) Proposals are being made to set up bases for ballistic projectiles along the Atlantic "fortifications" — in Great Britain, Norway, Denmark, Benelux, France, and then in Turkey and Greece and probably in Western Germany.

Finally, middle range ballistic projectiles should be replaced by long range missiles, which are not available now, and a balance thus established.

e) All NATO member states should be supplied with ballistic projectiles and nuclear weapons which, as it seems, would be available to the newly conceived "integral command".

Most of the smaller member states of NATO criticize this plan, emphasizing that their "interdependence" within

NATO makes them more dependent on America.

The criticisms which are being voiced (most of them are heard in France) do not speak only about the new form of America's dictation, but also about domination of two powers, America and Great Britain.

In the opinion of the Frenchmen, these two countries have agreed on "collective forces" within NATO, the aim of which is, in the first place, to use European partners as an advance guard of the British and American interests.

Under the influence of American and British arm deliveries to Tunisia, the French consider that these deliveries were symptomatic demonstration of a new bipartite "directorate" in the West, and that the arm shipments to Tunisia were nothing else but a clear warning of the new reality.

The bipartite step of America and Great Britain, after a similar move of Great Britain and France during the Suez crisis and America's drive into the Near and Middle East and Africa, together with the conflict over the arms deliveries to Tunisia, threw some more light on relations between America and Great Britain on one side and France on the other. It might be said that most of the reasons for misunderstandings between the NATO member states must be sought in their separate views, since every country views various parts of the world which are not included in the organization through their own interests.

What is of importance and of particular interest to the smaller member states is the principle of mutual consultations and agreements which should ensure their equality within NATO in a certain degree, both in the military and in the political and economic fields.

As far as the attitude of Great Britain is concerned, it must be mentioned that she, thanks to the achievements on the other side of the Atlantic, has succeeded in gaining an advantage through the production of nuclear weapons, in taking sides beside America, and in strengthening her position in relation to other European partners, particularly Western Germany.

In the opinion of the British, the support given to France by Western Germany and some other European member states in the question of arm deliveries to Tunisia, was only a sign of the attitude which they intend to take at the December meeting and later.

The chances that ballistic projectiles may be kept in Western Germany and the possibilities that Germany itself may start producing rocket weapons give her the authority of a great military power as that she has already created in the economic field.

In Germany's opinion, changes which ought to be made in NATO would liqui-

date the last restrictions with which she is bound, and the German hope that they will become in all matters equal partners, and even influential mediators.

However, ever since Western Germany became a member of NATO she has been restricting her contributions, both in military forces and in diplomatic activity to measures which are far below her possibilities (she has been enjoying all advantages with the minimum of responsibility).

It is being asserted that America and Great Britain are bent on using the industrial potential and the experienced technicians of Western Germany in the announced race in the production of rocket weapons in order to catch up with the Soviet Union in this field.

The accelerated work on the improvement of ballistic missiles and the intensified armament race were, it might be said, the only answer to the Soviet scientific and technical results and successes.

ECONOMIC ASPECTS

AT PRESENT atomic energy production is in the hands of three countries: America, Great Britain, and the Soviet Union. Their production is the basis for the development of atomic energy in other countries.

Since atomic energy is the fuel of the future, the production of atomic equipment is a new industrial branch with great chances of development.

Great Britain and the Soviet Union were the first two countries to undertake the construction of atomic power plants, while America remained in the phase of experiments in this field. It is this why there is so much concern in America, because there is the danger that she might not be able to make transactions and business which are being concluded in some places.

It is known that the Eisenhower-Macmillan October declaration proclaimed the principle of interdependence of the NATO member-states. But, no matter how greatly the idea of interdependence may be inspired by political reasons, the need of eliminating differences in military-strategic and political matters within NATO, it has its economic aspect which cannot be said to be unrelated to the ever sharper competition in the economic field.

After the sudden and rapid change in the relations of bloc forces in the world, America is endeavouring not only to coordinate and "improve" the organization of NATO in the military field, but also to win and strengthen new position in the world.

TENDENCIES

THE ANALYSIS of the tendencies which necessitated the calling of the December meeting of the Atlantic Council shows that endeavours are being

made to mobilize all the available forces of the West in the armament race.

The aim of the West is to catch up with the East and leave it behind in the production of rocket weapons, and this policy, together with the setting up of rocket bases in Europe and the possible inclusion of Western Germany in this race, is to be approved at the said meeting in Paris.

The West took the launching of the artificial earth satellite and the rockets

which carried it to the upper layers of the atmosphere, as a proof that the East is superior in rocket weapons, as a reason to speed up its efforts to eliminate this superiority by producing new weapons.

The situation at present demands fresh efforts, fresh initiative to blunt the sharpness of the bloc conflicts. Whether this be borne in mind by the representatives of the NATO member-states when they meet in Paris on December 16 is yet to be seen.

would be in keeping with the reality, interests of peace and wishes expressed by the General Assembly in February this year. The Yugoslav delegate warned that the French idea of talking with representatives of the Algerian liberation movement about a cease fire and not a political solution as well is not realistic or convincing.

The Political Committee considered two resolutions and one amendment.

Yugoslavia supported the resolution of the 17 Afro-Asian countries which asked that the United Nations should recognize Algeria's right to self-determination, that negotiation for the ending of the war should be started. In Yugoslavia's opinion, this is made necessary by the situation, and the resolution proposed a logical order of actions since it advised moderate first steps as recommended by the resolution passed in February this year.

Since there were no chances that the Afro-Asian resolution would be accepted, another fifteen countries, including India, Thailand, Japan and Canada, proposed a compromise resolution. This resolution was later accepted. With this resolution the General Assembly expressed its concern with the situation in Algeria and acknowledged the offer of Tunisia and Morocco for mediation in the dispute, expressing the wish to see negotiations inaugurated in the spirit of cooperation with the aims and principles of the United Nations Charter.

In comparison with the February resolution, this resolution is a step ahead, but its implementation will depend on the attitude of France which unfortunately has not yet done anything in the spirit of the February resolution either.

It is noteworthy that the leaders of the Algerian liberation movement greeted the resolution of the General Assembly, stressing that they were ready to start negotiations with France on the basis of the Tunisian and Moroccan offer for mediation but without giving up their earlier conceptions. It would be commendable if the next Tunisian and Moroccan steps should lead to a compromise solution of the problem.

THE PROBLEM OF CYPRUS

JUST before the debate at this meeting it seemed that a step forward would be made in the solving of the problem of Cyprus, since the interested parties had earlier displayed moderate and conciliatory attitudes outside the United Nations. First of all, the Greek government had announced its readiness to accept a compromise solution. Without any deviation from the fundamental principle — the right of the Cypriots to self-determination, it had been willing to meet the

FORTNIGHT IN THE WORLD

THREE PROBLEMS BEFORE UNO

DEBATES ON ALGERIA, CYPRUS, AND CREATING OF SUNFED

THE AGENDA of the earlier meetings of the United Nations General Assembly included, among other things, two problems — Algeria and Cyprus — which now too were the cause of diplomatic duels and which were discussed in all their aspects. But even so, no solution was passed, mostly on account of the resistance of certain colonial powers which, it seems, cannot or do not want to grasp the inevitability of the success of the liberation and anti-colonial movements.

THE PROBLEM OF ALGERIA

DURING the debate in the General Assembly's Political Committee, the French Foreign Minister, Pineau, put forward the French terms for the solution of the problem: cease fire, elections and negotiations. It is noteworthy that at the beginning of the debate France rejected the Tunisian and Moroccan offers for mediation. Later, France changed her views, and at the end of the debate, when the compromise resolution on Algeria was passed, Pineau said that France looked forward to some contacts with the aim of bringing a cease fire about. In essence, the French attitude was the same as at the previous meetings.

The attitude of the Arab countries, supported by most of the Asian delegations, was in favour of the Algerian liberation movement, and they demanded that the right of the Algerian people to self-determination should be recognized, the French colonial policy condemned, the competence of the United Nations to deal with the problem supported and the conflict solved peacefully by negotiations between France and representatives of the liberation movement recommended.

The Arab views were explained by the delegate of Tunisia. He sharply condemned the French methods of reprisals and the so-called policy of pacification, and he criticized the disrespect of military law and the killing of prisoners of war and civilians. He said that the new French measures (not mentioning the law on Algeria explicitly) were a manoeuvre on the eve of the General Assembly's meeting and an attempt to retain the prerogatives of the French population in Algeria to the detriment of the people of Algeria against France is waging a war. The Tunisian delegate demanded complete freedom and independence for Algeria.

The Soviet Union and the countries of Eastern Europe supported the views of the Arab countries, condemning the colonial methods of government and the general law on Algeria, and they demanded a just solution in accordance with the principles laid down in the Charter of the United Nations.

The attitude of the United States was moderate, calculated to avoid any action in the United Nations which could allegedly prevent progress towards a peaceful and just solution. The United States delegate expressed himself favourably about the Tunisian and Moroccan initiative. Great Britain and some countries of Western Europe and Latin America supported the French attitude in this problem.

The Yugoslav delegate recommended negotiations as the only way to reach a solution and a recognition of the national aspirations of the Algerian people which could be harmonized with the interests of France. Stressing the right of the Algerian people to shape their own fate, he declared himself against the policy of so-called pacification and expressed the hope that France would embark upon a road which

demands and interests of Britain and Turkey. Therefore the Greek delegation did not insist on the incorporation of Cyprus in Greece but only on a compromise solution which would ensure the right of the people of Cyprus to self-determination. This right would have to be implemented within a definite period of time step by step, by gradual expansion of the internal autonomy of the island. In this, due attention would be paid to the interdependence of Cyprus and Britain for a definite length of time. Otherwise, the people of Cyprus themselves would finally decide on their international status.

Britain, despite its view that the problem of Cyprus was its internal affair, had lately shown more readiness to accept a compromise solution which could be worked out by talks between Britain, Greece and representatives of the people of Cyprus and between the governments of Britain, Greece and Turkey.

As far as Turkey is concerned, its attitude has not changed. The Turkish government is still for the division of the island, and it rejects the Greek proposal for the protection of the interests of the Turkish minority through a proportional representation in the future political bodies in Cyprus, for international guarantees in this respect and so on.

However, the debate on Cyprus showed that the hopes of Greece and the Cypriots would not be fulfilled. This was best revealed by the speeches of Britain and Turkey, when it was seen that there were no essential changes in their attitudes. This made the Greek foreign minister, Averoff, condemn the unyielding attitude of Britain and her intention of excluding representatives of the people of Cyprus from taking part in negotiations. The attitude taken by the United States in the debate on Cyprus was another disappointment. In Athens people said that the American attitude was not merely neutral, that it influenced and forced a number of other countries to take a negative stand. As far as the Soviet Union is concerned, its delegate sharply attacked Great Britain for its colonial policy in Cyprus, demanding that the whole problem should be solved in the spirit of the United Nations Charter, that foreign troops should be withdrawn from the island and that the right of the Cypriots to self-determination should be recognized.

The Yugoslav delegates declared that they would support every proposal which might enable the people of Cyprus to realize their right to self-determination. They expressed their concern with the situation, because Yugoslavia is directly interested in relations in this part of the world.

It is significant that the Political Committee, on December 12, accepted the Greek draft resolution on Cyprus, which

expressed the hope that further negotiations would be started in the spirit of cooperation, and that due attention would be paid to the right of the people of Cyprus to self-determination. This encouraging step, if it should be approved by the General Assembly, will open brighter prospects for the solving of the problem within the United Nations.

DEBATE ON SUNFED

THE UNITED Nations Economic and Social Council, at its 24th meeting in July 1957, passed a resolution asking the General Assembly to establish, at its 12th session, the Special United Nations Fund for Economic Development (SUNFED) and to undertake the necessary measures in this direction. This resolution was opposed by only three delegations — the United States, Britain and Canada.

When the work of the Second Committee started, several countries, which had long supported the proposed special fund, met and decided that it was necessary to accept the recommendation of the Economic and Social Council and establish SUNFED. A resolution which was jointly submitted by Argentina, Ceylon, Chile, Egypt, India, Indonesia, Mexico, Holland, Venezuela and Yugoslavia, asked that the Fund should be established and

that it should start working not later than January 1, 1960. The delegate of the United States in the Second Committee declared that his country would not support any resolution recommending the establishment of the Fund and that it would not take part in the work of any body which might be formed to prepare its statut. The United States holds that the Fund, if it should be established, would not come to the expectations of many countries. On the other hand, the United States submitted a resolution proposing the establishment of a special fund for assistance to economic development within the programme of technical assistance. This fund would have at its disposal a sum of 100 million dollars and it would start operating on January 1, 1959. It would primarily finance exploration work, various institutes, training of technicians and so on.

The Yugoslav delegation favourably appraised this proposal, interpreting it as a commendable evolution in American views in relation to SUNFED. However, owing to the proposed character of the fund, the Yugoslav delegation considered that it could not be a substitute for SUNFED, and that, regardless of its fate, a principled decision to establish SUNFED should be taken at this meeting of the General Assembly.

V. CVETIĆ

THE DUTCH-INDONESIAN DISPUTE

Nikša DUBRAVČIĆ

THE INDONESIAN Government seems to have abandoned hope that the United Nations will settle its dispute with Holland over Western New Guinea, or that a solution which would satisfy its national aspirations might be arrived at by direct negotiation with the Dutch Government. It therefore resorted to direct economic sanction against Dutch economic interests in Indonesia, which are far from negligible, as Dutch capital in the exploitation of petroleum, rubber, coffee, tea, in banking, shipping, and transport exceeds a billion and a half dollars. Even if these measures, which include the large-scale boycott of the Dutch and the confiscation of their banks and companies, do not actually solve the problem of Western Irian, they will undoubtedly show the Dutch Government the futility of the intransigent attitude. Underestimating the strength of the national movement in Indonesia and relying too much on the internal difficulties in that country, the Hague for eight years has arrogantly rejected

the just claims of the Indonesians concerning Western New Guinea. Its uncompromising attitude has led to the deterioration of mutual relations and a situation in which the Indonesian Government had no other choice but to approach the complex solution of the outstanding questions with Holland.

In the case of Western Irian this primarily refers to a process which may continue for some time to come, but whose outcome is already a foregone conclusion: colonialism is a thing of the past and must disappear. Tension exists at present in such highly susceptible places as Algeria, West Irian, Goa, Aden, Suez etc., because these sensitive spots derive from an epoch long since outdistanced, and essentially reflect the conflict between the old and new conceptions in the present world. History has already shown which side is right and whose struggle is just, but the colonial powers, faced by the loss of their economic, political or strategic positions won in the past by fire and sword, find

it hard to reconcile themselves to such a verdict. Like all colonial problems, that of West Irian has its chronology, which must be known in order to judge objectively of the merits of the case on either side. The problem dates back to when the ancient archipelago of Indonesia proclaimed its independence on August 17, 1945, after three and a half centuries under the Dutch colonial yoke. The voice of Indonesia was the voice of awakened Asia, where historical movements and revolutionary changes which were to decide the fate of hundreds of millions of people, were taking place. In August 1945 the Dutch refused to adopt the policy towards her great colony which was some years later adopted towards India by the British Labour party: the Hague denied Indonesia her right to independence. This only prolonged the struggle, which inevitably ended in the victory of the national liberation forces of Indonesia; and peace was established on December 27, 1949 and sovereignty granted to the Republic of Indonesia. The following year the United Nations received a new member, while free Asia had another representative.

Meanwhile the young republic had to cope with many difficulties in the regulation of its relations with Holland, who was making every effort to prevent the emancipation of that country, and to preserve her economic domination over it. At the round table conference in the Hague in 1949, Indonesia, in order to acquire full independence, was obliged to accept many temporary solutions of outstanding problems, which often put a heavy strain and obligation on her. Sovereignty over Irian Barat—Western New Guinea occupied a special place among these issues.

West Irian is located on the island of New Guinea, the largest of the thirty thousand islands which constitute Indonesia (400,000 square miles). It stretches almost to Australia, which has a mandate over its Eastern part. New Guinea is sparsely populated, with about a million inhabitants, mostly Papuans, and extremely poor and backward.

While reluctantly consenting to the agreement which granted Indonesia sovereignty over the entire territory of the former Dutch East Indies, the government succeeded in inserting a clause concerning the status of West Guinea, according to which talks about its regulation were to be held after the lapse of a one-year period. These talks did not take place, however, because Holland rejected every Indonesian demand and, ignoring the instruments signed, subsequently introduced a provision in its Constitution proclaiming West Irian a new Dutch colonial possession.

Although for obvious reasons agreeing to a compromise solution in 1949, Indonesia adhered to her claim that this area had been an indivisible part of the Dutch East Indies from the very beginning of Dutch rule, and must therefore now become an integral part of Indonesia. Any other status, would imply the continuance of the colonial status and the unreasonable deferment of a final solution. The Dutch sought to justify their attitude by contending that they considered themselves responsible for the fate of the native population of West Irian, and that their presence was indispensable until the natives were capable of deciding their own fate.

The mere standing of this attitude shows that the Indonesians are in the right: if the Republic of Indonesia is capable of taking care of itself without the presence of the Dutch, it is only logical that it is also capable of doing so as far as West Irian is concerned. This argument is supplemented by a series of other considerations of a political, economic, and strategical character — needless to say supporting the Indonesian claim. West

Irian is extremely rich in mineral resources (copper, nickel, coal, petroleum), coconut plantations and spices. And not only Dutch but also US capital is invested in the island for the exploitation of petroleum, so that the reason underlying the Dutch intransigence is primarily the desire to preserve the regime of colonial exploitation. Meanwhile, considering her strategic position in the Pacific, West Irian is an important link in the system of SEATO bases. This is one of the principal reasons why Holland and her Western allies do not wish to return this island to independent Indonesia.

Indonesia has shown rare patience and a sincere wish to settle this controversial issue by peaceful means, either by direct talks with Holland or through UNO, but her efforts have not met with understanding on the other side. Her present action is consequently a logical reaction to the Dutch policy which, viewed from the standpoint of wider international interests is contrary to contemporary trends in the world, and represents a potential source of complication and tension.

SPAIN AND MOROCCO

Rade NIKOLIĆ

EVENTS which occurred over Ifni, in the south of Morocco, call for comment, not so much with reference to the course of operations as with regard to those factors which exercise a definite influence on the international position of Spain, while they also necessitate a review of those which affect the policy of that country's regime.

It appears that the acceptance of Spain by UNO has had a definite effect on the development of events at home, for since her admission there have been many movements, manifestations and strikes among the youth and proletariat, among students and intellectuals, and even among the falangists themselves. The course of events in Spain has assumed a quicker pace, while the contradictions of the regime have become clearer and more definite.

The Spaniards were confronted, perhaps unexpectedly, with the truth that war is not inevitable, and so they realized that allegations of "cold war" propagandists to the effect that the world was on the point of witnessing the squaring of accounts between the two blocs were unfounded. The awareness of this fact is beginning to create new relations in the disposition of forces. The opposition is taking definite shape, new programmes

for the future are being drawn up and, what is of the utmost significance the new generation is rejecting, the former spirit of the civil war and seeking national reconciliation. This is, in all probability, a reflection of the realization that a peaceful solution of disputed questions in the world, and hence in Spain as well, is quite possible.

The second factor which defines Spain's international position, and which also affects the country's internal situation is the defeat of the "imperial policy" in Morocco.

Certain Spanish circles considered for a long time that France would be able to suppress the growing liberation movement of the Arab-Berber population and, guided by this belief, they tried to represent themselves to the North African peoples as "protectors of Islam".

But this policy soon proved a miscalculated one. (There is similarity between the German imperialist policy towards the Arab world and the policy which General Franco tried to pursue in Northern Africa). Taking advantage of the struggle of the Moroccans and other North African peoples against French domination in that area, and while the Moroccan problem was in its acute phase, Franco stir-

red up the fire of Moroccan resistance against the French. In pursuing this policy he had in mind three principal objectives: to appear as the protector of the Arab world in the eyes of its members, to bring pressure to bear on France and force her to curtail the activities of Spanish republican emigrés (of whom there are about 150 thousand in France, and to represent himself to certain bloc circles as a reliable supporter of future strategic combinations when the "cold war" should give place to a real squaring of accounts between the blocs.

Morocco has, however, achieved her independence, although the Moroccan territory has not yet been completely liberated. The Moroccans claim all those areas which the great powers recognized as Moroccan national territory in 1912. This claim was voiced recently by the president of the Moroccan National Assembly, while the paper "El Alam" wrote that the Moroccans wished to get back the Ifni and Rio de Oro territories in the south-west. The Moroccans look upon these areas as a component part of the former Spanish Protectorate, and claim that they should be rejoined to Morocco, just as the northern zone of the former Protectorate was. In the middle of last year the Moroccan King Mohammed V declared that he hoped Morocco would be given back all those zones which were not yet incorporated in it. But the Spaniards are trying to retain some of their possessions on the Moroccan national territory, maintaining that the Ifni area is "under the full sovereignty of Spain".

The conflict arose on the question of sovereignty over the territories held under the Spanish occupation. This was inevitable, not only because the policy of the present Spanish Government was in contradiction with the aims of the liberation movement of the African peoples generally, but also because this conflict had assumed a definite form by that time (in 1953), when Franco supported the national-liberation movement in Morocco against the French, with the object of strengthening his own position in the Arab countries.

These tactics brought General Franco certain results. His authority in the Spanish zone was strengthening; but the Moroccans expected from this something quite different from what he was prepared to offer them. They expected real aid for the complete liberation of the entire Moroccan national territory, while General Franco was only offering them aid against France, with the object of preserving his own zone and consolidating his influence in Morocco and in the Arab world. But when the Executive Committee of Istiqlal demanded the termination of foreign intervention in the whole of Morocco, the Spanish-Moroccan idyll came to an end.

From that moment the role of the present Spanish regime and its representatives assumed a negative aspect for the Moroccans. In November 1955 Franco declared to some foreign journalists that France was making a grave mistake in attempting to introduce certain democratic methods in Morocco, stressing that the Moroccans were not yet capable of maintaining order and peace in the country. His policy towards the Moroccan liberation movement increasingly reveals the imperialist methods of an alien power direction against the national aspirations of an oppressed people.

For certain Spanish circles the loss of the colonies in Morocco amounts to loss of national territory. This means that their policy in Morocco, as hitherto conducted, has not been a policy of friendship and cooperation, but one of a weak imperialist power which wishes to strengthen its position at the expense of a conflict between the enslavers and enslaved — in this case between the French and Moroccans. The current events around Ifni, as well as former incidents in the northern zone of Morocco under Spanish domination, show that the Moroccans did not take long to get to the bottom of this Spanish imperialist game.

Now the question is how far General Franco and the Spanish militarists will go in using force to preserve the Spanish possessions on Moroccan territory. The answer is to be sought, not only in the direct interests of some Spanish circles, but in the whole network of Western American relations, in their plans and conflicts in Northern Africa and in the Arab world generally. The many foreign bases in Spain show that Francoism has not realized its "imperial" dream. Spain has not become a great imperialist power, as the Francoist programme prescribed. But it appears that General Franco must now do something to preserve his prestige both in the country and before those circles in the world who have placed reliance on him in the maturing of their plans.

General Franco and the Spanish generals who overthrew the second Spanish Republic made their military career in the war against the Moroccan liberation movement as far back as Abd-el-Krim's time. The army from Morocco was the main striking force of the insurgent generals against the Spanish democracy, and until recently the Spanish zone in Morocco was the place where the young Spanish militarists got their training and made their careers. Domination in Morocco was for political asset at home, and a kind of proof of the strength of his regime. It is understandable, therefore, why the Spanish Government today is trying to dissociate the aspirations of the Moroccan liberation army for the liberation of the whole Moroccan territory from the policy of the Rabat Government, loudly insisting that it is willing to negotiate with the Government in Rabat provided the units of the Liberation army are withdrawn from the Spanish possessions, and if the Government in Rabat organizes order and peace. General Franco realizes that it will be very difficult, if not impossible, to resist the Moroccan claims much longer, and so he is trying to find a compromise solution: such a formula as would allow the Moroccans to satisfy their aspirations while enabling the Spanish occupation forces to withdraw from those areas, not as defeated, but on the basis of an agreement between Spain and the Rabat Government. A Spanish military defeat in the conflict with the Liberation army of Morocco would have serious repercussions on the present regime in Spain. The Opposition forces would thereby receive fresh impetus, and the main force on which the present regime relies would seem so powerful as it has been hitherto.

Bearing in mind all these elements, it seems to us that the conflict between the Moroccans and the Spanish Army will finally be settled by way of compromise, and that the aspirations of the Moroccans for liberation will be satisfied.

HAPPY NEW YEAR 1958
TO ALL OUR READERS AND CONTRIBUTORS

Wishes

»Review of International Affairs«

FAO FACED WITH NEW TASKS

— ON THE NINTH CONFERENCE OF THE INTERNATIONAL FOOD AND AGRICULTURE ORGANIZATION —

Ljubomir SEKULIĆ

THE NINTH conference of the International Food and Agriculture Organization (FAO), held in November this year at Rome, will go down as one of the Organization's most successful sessions held during the last few years.

Although the agenda was for the most part identical with those of previous years, and although the situation in world agriculture has not changed to any great extent, certain new tendencies nonetheless found expression — tendencies whose fulfilment manifestations will contribute to improvement of this institution's activity and efficacy.

Every international organization, particularly one such as FAO, in which a large number of countries take part (75), is loth to abandon methods once adopted, and approaches very cautiously and with hesitation new problems which are so dynamically placed on the agenda owing to current developments in international economy. This is all the more true if such a specific activity as agriculture is involved in which the influence of man is indirect and complex, while the desired results take a long time in coming. Besides this, the decisions taken are often the result of compromise between the contradictory interests of a large number of countries with different needs, varied concepts, and on different levels of economic growth.

Bearing these difficulties in mind, we think this year's conference was very successful, and that the decisions regarding a certain regionalization of the Organization's activity in view of their longterm significance, deserve to be placed among the most important results of the recent session. When submitting his proposal for the work and activity of FAO in the next two-year period (1958-59), the very enterprising and energetic Director-General, Mr Sen (India), attached great significance to this question, and met with full understanding from all the member-countries. The third paragraph of the adopted resolution on the regionalization of work explains this need concisely and clearly: „Until the knowledge and experience accumulated in the Organization are at the disposal of member-countries for active utilization on their territories, the Organization

will not serve the purpose for which it was set up: the giving of direct advice and assistance to individual countries in the implementation of their programmes of social and economic development is one of the basic tasks of the Organization".

In line with these decisions the Conference decided to found „as soon as possible", a Regional Office for Africa, while the existing regional offices will be strengthened.

Of course regionalization itself cannot solve everything, but only provides a more adequate frame for the fulfilment of the work programme and the settling of the major problems of world agriculture. How did the Conference visualize these tasks and what problem will claim its special attention in the coming period?

The General debate, in which the heads of delegations, many of them Ministers of Agriculture, took part, did not yield anything new. The Conference established the fact that although the increase of agricultural production in the world is still higher than the rate of population increase by something above one per cent, the earlier problems had not lost any of their acuteness. Although several speakers stressed the fact that production in underdeveloped countries is growing more rapidly than in those which have accumulated surpluses, we must not lose sight of the fact that has happened, not only thanks to the efforts made in this direction by the under-developed countries, but also owing to the measures which the developed countries have taken with the object of limiting their own production. Apart from this, if the rise in production in the under-developed countries is viewed in relation to production per head of the population, the figures will show that it is still on a very low level in the Far East and in Latin America. Besides, this owing to rapid economic development in most of the under-developed countries, demand has greatly increased, which is reflected in inflation pressures and payment balance difficulties in most of them.

Although great efforts are being made in many under-developed countries to ensure the continued expansion of produc-

tion, the Conference justly expressed the fear that lack of capital and relatively unfavourable prices of agricultural products on both the international and home markets will seriously threaten the continuation of the present trend towards increased agricultural production. The average prices of agricultural products on the world market continue to fall. Whereas in 1956 the world trade in agricultural products grew in volume by 8 per cent., its growth in value was only 4 per cent. Even this rise was without effect on the purchasing power of countries exporting agricultural products, in view of the continued rise in prices of industrial products. This problem surely goes beyond the competence of FAO alone. It is a subject for examination by other international organizations too, among others by the Economic and Social Council, the highest UN organ for economic and social problems. For the situation thus created not only directly affects the raw material and food producer-countries but also causes a serious anxiety in industrial countries as to the possibility of ensuring a foreign market for their exports.

These are not problems which FAO alone can solve, and the reason for setting them forth was first of all to help the Organization to find its place in the efforts which are being made today on a much wider scale for the solution of the basic problems of world economy. And in so far as FAO directed its greatest efforts to the task of helping member-countries to solve problems which in any way hinder or prevent the growth of their agricultural production and the raising of the food level where it is still below the minimum, then in our view it is on the right path. In most of its decisions the Conference showed that it considered these questions to be of primary importance. Great attention was devoted to the development of technical assistance, in which FAO has achieved enviable results. Funds have been allotted for intensifying the work of FAO on the question of atomic power. A project for the development of the Mediterranean countries has been adopted. By forestation, reclamation etc. Their former vitality will be restored to these areas. A number of concrete measures are to be taken for the further extension and improvement of work in the sector of agriculture, forestry, fisheries, food, economy and information. Finally after a very stormy and prolonged debate it was decided by a majority of votes to increase the FAO budget to 17 million dollars within two years. This was a compromise solution, as the Director-General proposed a budget

of 17.5 million dollars, while the biggest contributors, the USA and Great Britain, ultimately refused to agree to a budget larger than 16 million dollars.

As regards general agricultural problems of an economic nature, the Conference paid the greatest attention to agricultural surpluses and questions of international repercussions as a result of national policy in support of agriculture.

Although the big export countries (with the exception of the USA) showed great scepticism for such plans, in view of possible dislocations on the world market which might occur because of the existence of surpluses, not a single delegation denied the great significance of the use of surpluses as forms of financing development in under-developed countries. What is more, the Conference expressed itself very favourably about this action, and recommended that under-developed countries and FAO should continue the task of studying projects which might be financed with surpluses, without dislocating normal trade. As regards the protection of agriculture, the Conference entrusted the Director-General with the task of continuing his examination of the international implications of the policy of supporting national agriculture. Most of the delegations in this discussion took

their stand from the viewpoint of their own interests which, in a sense, is normal, as the problem has not yet been elaborated in the Organization. Certain countries, including Yugoslavia, considered that this problem should be approached from the point of view of the degree of development of individual countries. It was pointed out that such a policy would produce harmful consequences in the developed countries, both in the international division of labour and on the level of international exchanges. In the under-developed countries, however, this policy may be sometimes dictated by a need for the creation of new sources of accumulation for the requirements of economic development, and it should certainly be considered from this aspect.

The Yugoslav delegation took an active part in the work of the Conference. For the first time a Yugoslav delegate was elected to the most important commission of the Conference — the Programme Commission — while Yugoslavia was elected to the FAO Trade Committee and the deputy leader of her delegation to the Programme Committee.

Three countries — Ghana, Malaya and Poland — were admitted to the Organization, so that membership has now reached the figure of 75.

Kubitschek and Gualart by force. The plans of the conservative opposition were foiled by the intervention of the Army, and by the democratic resistance of the people. Thus after almost a quarter century of Vargas' rule, and a brief interlude of unrest, Brazil continued along its road of development in considerably altered circumstances, under the Kubitschek-Gualart administration.

BOURGEOIS INFLUENCE STRONGER

EFFORTS to emancipate the country from the backward, semicolonial economic structure based primarily on the exports of coffee and minerals have been characteristic of the entire period of the Second Brazilian Republic, which was inaugurated by the bourgeois revolution of 1930. The first significant investments in home industry were made after the coffee slump in 1929, when it was realized that the country could no longer remain helplessly and objectively dependent on a fluctuating world market. During World War II and in the years that followed, state investments in basic industries — metallurgy, petroleum, electric engineering etc. — increased steadily, thus making possible a rapid rate of development in all fields of industrial production. Thus Brazil charted and embarked on a resolute course for the acquisition of economic independence and the creation of a diversified economy, namely the establishment of a home market, which had vast prospects for development in view of its sixty million inhabitant and enormous natural resources.

Although this process had its beginnings during the long years of the Vargas dictatorship — with the parallel appearance of the working class and state intervention in the economy — it is the Brazilian national bourgeoisie which now plays an increasingly prominent role as the foremost social and political force. Having been strengthened by Vargas' protectionist measures and his policy of industrialization, the bourgeoisie first helped to overthrow his dictatorship which was invested with many state capitalist features, and then brought about the curtailment of his second government, which was parliamentary constitutional. But when they came into conflict with the conservative landowners and that section of the bourgeoisie which was connected with the old semi-colonial structure of the economy during the short rule of Vice-President Cafe Filho, the bourgeoisie joined the victorious alliance of the other forces which emerged during the Second Republic, i.e., the working masses and the patriotic Army, whose officers, as distinct from the Navy and Air Force Staff, were closer to the people.

This alliance is marked by three key figures of the present government — Pre-

THE ROAD TO STABILITY AND PROGRESS

— CONTEMPORARY BRAZILIAN DEVELOPMENT AND PROBLEMS —

Jaša ALMULI

STORMY BEGINNING

IMMEDIATELY after the inauguration of the new administration headed by President Kubitschek and Vice-President Joao Gualart, on February 1, 1956, a group of officers fled by air from Rio de Janeiro. Their broadcasts from improvised airstrips deep in the Amazon jungle summoned the armed forces to revolt. Although this dangerously resembled the beginning of a new political upheaval, as the rebels enjoyed the sympathy of the greater part of the Air Force and Navy, the rebellion of the airmen was really only the last flare up of a dying fire. The intervention of small infantry units in the jungle soon put an end to the revolt, which met with little or no support in Rio, Sao Paulo and the other modern urban centres. The Amazon interlude, in fact marked the end of a series of open struggles, during which conservative opposition, with the cooperation of the Navy and Air Force overthrew President Vargas in 1954, attempted to prevent free elections in the autumn of 1955, and tried to nullify the victory of

QUIET recently, in fact at the end of October, this year, pistol shots echoed in the Brazilian Parliament in Rio de Janeiro, while in Sao Paulo the industrial centre of the country, Federal troops stood by in a state of preparedness during a strike of 400,000 industrial workers. Although such reports may create the impression that the Latin American giant is undergoing another phase of unrest, in point of fact they only indicate that some members in Congress were carried away by their own zeal on the eve of the forthcoming parliamentary elections, and that notwithstanding the economic progress made, inflation is continuing, and is calling forth resolute action on the part of the workers.

Contemporary Brazil, as compared to the other Latin American states and to its own situation a few years ago, is one of the rare countries on that continent with a fairly high level of political and social stability.

sident Kubitschek, who belongs to the PSD bourgeois party, Vice-President Gulart, who replaced Vargas at the head of the Brazilian Workers Party (PTB), and General Teixeira Lott, the Minister of War who led the timely intervention of the Army, which made the recent free presidential elections possible. Thus an alliance was created between the national bourgeoisie, which enjoys a certain primacy, and the working class and national elements in the Army. This alliance is supported by the majority of the Brazilians, and invest the regime with a substantial degree of stability, while ensuring the continuous development of the country along the road of industrialization. Although this road is far from easy, the experience acquired during the past two years by the Kubitschek administration indicates that the country is nevertheless progressing and continuing its steady advance, in spite of economic bottlenecks and a complex social structure.

ECONOMIC PROGRESS

DURING the pre-election campaign President Kubitschek promised that Brazil would make fifty years' progress during his five year mandate. Inspired by the feverish constructive enthusiasm characteristic of contemporary Brazil, he drew up a global development plan, which corresponds to many needs of the country, and which is being carried out in spite of all difficulties, in the various important sectors.

As for the long-term development plan of the Brazilian Government for the power industry and the transport and food industries, the greatest economic and political success has been achieved in the petroleum industry, whose exports have accounted so far about one-fifth of Brazilian foreign exchange earnings. The Kubitschek administration granted fresh funds to the national petroleum company, "Petrobras", against which the American trusts and individual Brazilian circles waged a most vehement campaign. These grants enabled the previously negligible daily output of crude petroleum, which averaged 700 barrels in 1953, to be raised to 25,000 barrels the next year, while average daily production in 1957 is estimated at 40,000 barrels daily. The increased exploitation of petroleum enabled Brazil to save 81 million dollars last year, thus laying a solid basis for the solution of one of the crucial economic problems of the country.

Progress has also been made in the field of electric power (whose production and distribution are still almost entirely in the hands of American and Canadian capital), thus promising that the ambitious plan of the Government to raise installed power from 2 to 5 million KW

in 1950 will be fulfilled. In the field of transport — the second bottleneck in the national economy (there are hardly 30,000 kilometers of railway lines and very few roads on Brazilian territory, which is almost equal in size to Europe) — development is necessarily slow and expensive. Nevertheless initial steps have been made in the construction of the 10,000 kilometers of roads planned, and incentive given to raise production in the motor industry. Various American and German firms such as "Ford", "General Motors", "Willys", "DKW" and "Volkswagen", are investing about 60 million dollars in the Brazilian motor industry, while the state National Bank is investing 8.5 million dollars in order to raise the output of trucks to 7,200 such vehicles annually. President Kubitschek recently stated his conviction, that thanks to foreign and domestic investments, Brazil will be in a position to produce 130,000 vehicles annually by 1961, thus wholly satisfying domestic requirements.

The Government is finding its promise to raise the production of foodstuffs, whose quantity and assortment are far from satisfactory, the hardest to fulfill. The system of large estates still prevails in agriculture, thus impeding the creation of a wide home market and an organized basis for the feeding of the population. Congress recently rejected the proposal of the Workers Party of Vice-President Gulart to extend labour and social legislation to farm workers, while the government programme makes no provision for even partial changes in the system of land ownership, being limited to a plan for the construction of silos and magazines and the increase of wheat production, which can only yield incomplete results, and which is being carried out for the time being with great difficulty and at a very slow rate.

The Government is also accelerating the development of ferrous and non-ferrous metallurgy, so that the state owned enterprise, "Volta Redonda", founded in Vargas' time, has already reached an output of about one million tons of steel. It is also fostering the development of the chemical industry and other basic industries. The end of the first year of the Kubitschek administration was marked by significant results in individual sectors. Industrial production rose by 4.7 percent, the budget deficit was reduced, and a favourable balance of payments was achieved.

The considerable difficulties encountered by the Brazilian economy this year indicate, however, that it is still extremely vulnerable, owing to its structural shortcomings. Coffee remains the staple export, having yielded slightly over one billion of a total billion and a half foreign exchange earnings last year. Coffee sales

during January—October 1957 declined by two and half million sacks, as compared to last year, however. This immediately gave rise to a series of economic difficulties. Uneven inflow and general shortage of foreign exchange appears to be one of the main obstacles on the road to industrialization.

It is true, however, that US private capital investments in Brazil have reached one billion and two hundred million dollars (after Canada, Great Britain and Venezuela, US private investments are highest in Brazil) but it is also a fact that these investments are concentrated in the domain of raw material exploitation and rapid profits, and therefore do not contribute enough to the development of the basic branches on which over-all economic development depends. The US government, however, in accordance with the policy of favouring private investments and the restriction of public financing, has proved fairly parsimonious where Brazil is concerned. With the exception of a fairly favourable arrangement for the purchase of wheat in the USA, an agreement on the extension of facilities for the repayment of dollar trade debts etc., a smaller loan for the expansion of the state metallurgical enterprise, and about 200 million dollars of credits granted by the Export-Import bank, which are still pending, the Kubitschek Government has received no major support from the US in the carrying out of its economic projects. Owing to the lack of foreign and domestic financial resources, inflationary pressure has increased notably this year, notwithstanding the efforts of the government to curb inflation by credit selection and restriction, and the reduction of imports. But the difficulties Brazil is undergoing at present have not diverted her from her course in the direction of industrialization, nor have they impaired political stability in the country to any great extent.

STRENGTHENING OF NATIONALISTIC FRONT AND TRADE UNION MOVEMENT

THE CONSERVATIVE opposition, headed by the National Democratic Union Party (Union Democrática Nacional-UDN) which relies for support on the navy and air force officers' corps, has not recovered from the political defeat it suffered during its short rule after the overthrow of Vargas and during the unsuccessful efforts to set up a military dictatorship. Although there may be internal differences and vacillations in the party of President Kubitschek, which consists of an odd combination of landowners belonging to the conservative bourgeoisie and the radical national bourgeoisie, the other forces in the government

represent a solid counter balance to the forces of reaction. This primarily refers to the Army, headed by Texeira Lotts Minister of War, the broad nationalist front which is formed in the congress and outside it, and the workers' trade unions, which are acquiring ever greater independence. It was the army ground forces who gave the initiative last year for the cancellation of the agreement on the delivery of Atomic raw materials to the USA and for the establishment of a national commission for atomic energy. Thanks his efforts to consolidate the regime, extend suffrage to the illiterate, to achieve a more thorough solution of the agrarian problem and to maintain a resolute course of economic policy, General Lott has become an important figure in the national movement, and is a potential presidential candidate at the forthcoming elections. When the opposition and the conservative bourgeoisie recently denounced the economic situation in the country, General Lott urged the industrialists to renounce part of their profits in favour of the workers, and when the same circles launched a vehement campaign against the measures of state intervention taken by the government, and against the increase of state investments, General Lott stated that the "abandonment of enterprises such as the „Volta Redonda" and „Petrobraz" would be tantamount to the ruin of Brazilian interests, and a downright betrayal of the country.

The Brazilian Communist Party, although at present in a state of ferment, striving towards the promotion of internal democracy and the adoption of a more independent political line, supports the general aims of the nationalistic front. These aims may be summed up as follows: the industrialization of the country, the preservation of „Petrobraz", the expansion of foreign trade relations (with the USSR and other eastern countries) the preservation of democratic freedoms, and the improvement of the workers standard of living.

The Kubitschek-Gulart Government strives to keep the support of the working strata in the big urban centres. It has retained the entire labour and social legislation of the Vargas period, thus to a certain extent alleviating the still difficult position of the workers. Civil servants and officers' salaries were raised appreciably last year, while the minimum workers' wages were augmented by about 60 percent. Growing inflation and rising prices, however, have already completely absorbed the extra earning of the workers, thus causing a series of strikes this year. The workers of Rio were the first this summer to obtain higher wages by means of mass strikes; the workers of São Paulo followed suit this autumn. While not assuming an anti-government political charac-

ter, the workers' strikes have contributed to the creation of firmer unity and independence in the trade union movement which has been linked with the Vargas state machine both politically and formally for too long a time.

The strengthening of the national and trade union movement and the orienta-

tion of the government toward the further economic development and emancipation places Brazil, in spite of all her internal and external difficulties and compromises, among those Latin American countries who are most resolutely advancing along the road of progress.

LAOS IMPLEMENTS GENEVA DECISIONS

LAST and often insurmountable difficulties have frequently impeded the carrying out of the decisions of the Geneva Conference on Indochina. Vietnam is just as far from unification now as it was at the moment when the nine powers put their signatures to the Geneva documents. It was only in Kiner-Cambodia that the Geneva decisions were implemented within a reasonable time. After many difficulties conspicuous progress was also made a few days ago in the small mountainous kingdom of Laos. A coalition government, including Prince Souphanavong, and his comrade-in-arms Phoumi Vong Vichit representatives of the Pathet Lao patriotic front, was formed in Vientiana, the capital of Laos. Agreement was reached on the inclusion of the provinces of Phonsaly and Sam Neua under the general administration of Laos, while the fighting units of Pathet Lao will be incorporated in the regular Royal Army of Laos. Special commissions of thirty five members were formed for the implementation of the above mentioned decisions. Souvanna Phouma Prime Minister of the coalition government, confirmed the loyalty of his government to a neutral policy and the five principles of the "panch" powers, which were adopted in 1956, and which he undertook to observe during his visit to Peking last year. Speaking in Parliament, Crown Prince — Savang Vathana admitted that the new government was faced by many unsolved problems, but the International Cease Fire Commission in Laos (consisting of Poles, Canadians and Indians) doubtless considered that the new government deserved to be congratulated on the progress already made in the normalization of conditions in the country.

The divided brothers have finally found a common language. In this case the word brothers is not a mere figure of speech for Prince Souvanna Phouma, Prime Minister of the Royal Government (and now Premier of the new Coalition Government) and Prince Souphanavong, leader of the Pathet Lao movement are really brothers and members of the royal family of Laos. During the post-war period the brothers advocated different ideas as to the methods which should be used for the liberation of their country. Souvanna Phouma considered that freedom could be achieved step by step by peaceful negotiation and cooperation with the French, while his brother Prince Souphanavong (graduate of the Ecole des Ponts et Chausses civil engineering school in Paris, and one the few intellectuals in Laos) inspired by the

example of Vietnam, organized the Pathet Lao patriotic front which carried on an armed struggle against the French colonizers, Pathet Lao was modelled on the Vietnam national liberation movement, from which it also received assistance.

The conflict between the royal brothers in Laos, which is still largely a feudal and politically non-differentiated country, never acquired the proportion of an actual rupture as in Vietnam and Malaya. Some sort of contact always existed between the brothers, and the prestige of the rebel Prince Souphanavong was always notable, even at the court in Vientiana. Both sides were willing to accept the Geneva decisions, and unite their country, and the already reached agreement as to the methods to be adopted for the reunification of the country eighteen months ago. The carrying out of this agreement, however, was obstructed by persistent external interference. The young state of Laos lacked the necessary resources for the maintenance of its government apparatus and army. Economic aid mainly arrived from Washington, which doled out only a spoonful at a time and for short terms. The Americans have never concealed their mistrust of any kind of agreement with the "communists" under the leadership of Prince Souphanavong, and they openly denounced the neutralist line of policy, which was a basic condition for agreement with the Pathet Lao front. If any concrete step was made towards the negotiation of an agreement in Laos, there was sudden defect in the economic pipeline, the civil servants and soldiers in Vientiana would be left without their monthly salaries, and the government would therefore delay the carrying out of the arrangements already made. These difficulties have apparently been finally overcome, and perhaps this was facilitated by the Chinese offer to extend assistance. It is expected that the US will continue to extend aid and, indeed, the coalition government in Laos would not be the first neutralist government to receive economic assistance from Washington.

If the new coalition government and its jointly adopted platform in Laos is successful, the example set by the application of the Geneva Agreements will echo far beyond the frontiers of the small mountainous kingdom, and contribute to the consolidation of the situation in Southeast Asia, thus proving that there are genuine possibilities for other than bloc solutions in that region.

V. BAUM.



THE YUGOSLAV PEOPLE'S ARMY IN THE PRESENT DEVELOPMENT OF YUGOSLAVIA

Duro LONČAREVIĆ

General-major of the Yugoslav People's Army

ONE ESSENTIAL characteristic of Yugoslavia's post-war development and of her foreign policy is a clear and resolute orientation toward preservation of the country's national independence as the basic precondition for her peaceful and unhindered progress and the promotion of a social system corresponding to the interests of her working people. This development and this course toward the further building of socialism in Yugoslavia have always determined and will continue to determine the role of the Yugoslav People's Army as the guardian of the country's national independence and sovereignty. Therein lies the reason for strengthening the defensive capacity of Yugoslavia, and primarily the Yugoslav People's Army whose fundamental task is her defence.

It is a familiar fact that, by her political activity and attitude towards momentous problems in contemporary international relations, whether in the United Nations Organization or in contacts with other countries, Yugoslavia has asserted herself as a country consistently striving toward the preservation of world peace, as one pursuing a policy of peace-loving active co-existence, one demonstrating in very deed its allegiance to a policy based on principles of equality, non-interference in the internal affairs of other countries, and the promotion of international co-operation in all fields. There is nothing paradoxical in the fact that, parallel with such a foreign policy, Yugoslavia has been paying due attention to the strengthening of her defence forces, primarily to the strengthening and developing of her army. Unhappily there are still numerous major outstanding problems in the world of today, on whose solution depends the maintenance of peace. Contemporary world relations are characterized, *inter alia*, by the constant perfecting and piling up of armaments, which presents the potential danger of being used one day and of inflicting terrible devastation and losses on the world.

There are many major problems on the solution of which maintenance of peace depends, but which still await settlement. They are often approached from the position of strength, which certainly brings us no nearer to the attainment of a common solution. In the world of today cases are also recorded of attempts at the solution of such problems by heightening tension, by exerting various forms of pressure, even by the use of armed force.

A realistic appraisal of the contemporary international situation forces our country, too, to pay constant attention to the strengthening of her defence power, and the strengthening and development of her Army particularly. Our experience, like that of some other countries, indicates that the defensive power of a country influences its international status and prestige as well as the attitude of other countries toward it. The stronger the armed forces of a country are, the greater is the resolve of the people to defend its independence, and the more account will be taken of its rights and interests, and vice versa.

Yugoslavia's development as a socialist country demands that material resources should be expended in the future also

and that the members of the Yugoslav People's Army should make further efforts towards its strengthening, both in armament and in equipment and military training, in the training of its soldiers and leaders and in the constant consolidation of its moral and political unity. Of course we cannot keep abreast of large countries, where nuclear armament and the latest war equipment is concerned. But we do not share the view which is voiced in some countries that small states cannot resist a stronger aggressor, since they lag behind in modern armament. Such a point of view spells practical capitulation before a potential aggression. On our part we consider that no effort should be spared to preserve world peace, to prevent a new war which might have catastrophic consequences, but we also consider that a solidly equipped and well-trained, morally and politically unified army — one firmly linked with its people — can, even without nuclear armament, successfully oppose even a superior aggressor.

For all these reasons the basic efforts of the members of the Yugoslav People's Army are directed toward fulfilling its numerous tasks, and solving the fundamental problems on which its combat capacity depends. Thanks to the achievements which mark the building of Socialism in our country, to the material resources provided by the community for armament and equipment, and to the great zeal of the officers and other ranks, the Army's combat capacity is of a high order. The Yugoslav People's Army rightfully enjoys a good reputation as a modern army and one up to its task: the defence of the independence and freedom of Socialist Yugoslavia. Besides its intensive work on the strengthening of its combat capacity, the Yugoslav People's Army makes a direct contribution to the construction of socialism. Every year tens of thousands of young men come to the Yugoslav People's Army, whose units constitute for them a comprehensive school, where they enjoy such a range from learning to read and write and acquiring a basic general knowledge and good habits, to their political and moral shaping into citizens who, on leaving the Army, will attack their daily tasks with enhanced enthusiasm and political perception. Many of these men are trained in the army as skilled workers, and on leaving it go to work for various enterprises and institutions. Another signal feature is the work-drives which are undertaken by members of the Yugoslav People's Army for building roads, railways and other projects. Similarly the activity of the standing Army in the work of political and social organizations also constitutes a form of participation in the promotion of Socialism and a link with its people.

The entire work and life in the units of the Yugoslav People's Army and its participation in the Socialist construction of the country connote the strengthening of its combat capacity and the further development of its socialist character. This, in fact, is its role in the contemporary development of Socialist Yugoslavia.

NINTH PLENARY SESSION OF CENTRAL COMMITTEE OF THE YUGOSLAV LEAGUE OF COMMUNISTS

The Ninth Plenary Session of the Central Committee of the Yugoslav League of Communists was held at Brioni on December 7, 1957.

The first part of the Plenary Session was dedicated to the twentieth anniversary of the arrival of Comrade Tito as Secretary of the Yugoslav Communist Party. Comrade Aleksandar Ranković spoke on this occasion.

During the second part of the Session, Comrade Edvard Karđelj submitted the report of the delegation of the Central Committee of the Yugoslav League of Communists which attended the celebrations marking the fortieth anniversary of the October Socialist Revolution in Moscow.

The Plenary Session of the Central Committee of the Yugoslav League of Communists approved the work and report of the delegation.

In this connection the Plenary Session of the Yugoslav League of Communists particularly stresses the significance of the adoption of the Peace Manifesto at the consultation of the communist and workers parties, considering that greater enlistment in the struggle for the preservation of peace, strengthening of international cooperation and promotion of active coexistence is the prime task confronting all progressive forces today.

The Plenary Session considers that the delegation by implementing the line of policy pursued by the Central Committee of the Yugoslav League of Communists acted correctly by not taking part in the meeting of twelve communist and workers parties of socialist countries and not signing the Declaration brought at this meeting as the latter and contains certain attitudes and appraisals which are contrary to the attitude of the Yugoslav League of Communists and which it considers incorrect.

The Plenary session of the Central Committee of the Yugoslav League of Communists likewise established that the consistent pursuit of the principled policy of the Yugoslav League of Communists yielded positive results both with regard to our country as well as the general struggle waged by the peaceloving, democratic and socialist forces for peace, national independence and socialism. At the same time the Plenary Session reiterated that the different views on certain problems and tasks in the struggle for peace and socialism which exist between the Yugoslav League of Communists and some other Communist Parties must and should not constitute an obstacle to the development of brotherly cooperation in the struggle for socialism and peace in the world. In this sense and according to the principles on which the internal and foreign policy of Yugoslavia is based, the Central Committee of the Yugoslav League of Communists will continue to contribute its share in the strengthening and promotion of friendship between Yugoslavia and the socialist countries, as well as between the Yugoslav League of Communists and other communist parties. Such a cooperation should develop along the line of the struggle for peace and exchange of socialist experiences, as well as the strengthening of the forces of peace, democracy and socialism in the present world, in which only peace, the peaceful conversion of social systems and the internal efforts of the progressive and democratic forces in all countries, will open the way to the solution of the present crisis in international relations.

MEETINGS AND TALKS

POLISH MINISTER'S VISIT. Feliks Pisula, the Polish Minister of Food Industry and Supply, who visited Yugoslavia as leader of a group of senior officials of his country's food industry, visited the Federal Chamber of Industry on December 7. Mr Pisula and the members of his group were interested to learn about the organization of the Yugoslav industrial enterprises, the co-operation between manufacturing industries and agriculture, and the role of the Federal Chamber of Industry.

YUGOSLAV-ITALIAN CO-OPERATION IN PETROLEUM PRODUCTION. Yugoslavia has been visited by Enrico Matei, President of the Italian National Enterprise for the Exploration, Production,

Processing and Utilization of Petroleum, Gas and Petroleum Derivatives (ENI). Mr. Matei was received by Svetozar Vukmanović, Vice-President of the Federal Executive Council, and Dr. Vladimir Velebit, State Undersecretary. He had informative conversations with the representatives of the Federal Chamber of Industry concerning the possibility of co-operation between ENI and the Yugoslav petroleum and gas producing and processing enterprises. Mr. Matei gave a lecture on ENI's role in Italian economy, at the Institute for Foreign-Political and Economic Research in Belgrade.

INDIAN CRUISER VISITS SPLIT. An informal visit was paid to Yugoslavia by the Indian cruiser "Mysore", which moored at Split from December 10 to 15.

FEDERATION OF TRADE UNIONS

EDUCATION EXPERTS MEET. Ašer Deleon, member of the Secretariat of the Central Council of the Federation of Trade Unions of Yugoslavia, has taken part in a meeting of experts on workers' education, held in Geneva from December 9 to 14. The meeting, which was sponsored by the International Labour Organization (ILO) was devoted to reviewing the programmes, methods and techniques of workers' education.

PARTICIPATION IN MINING CONFERENCE. Representatives of the Union of Mineworkers of Yugoslavia took part in the ILO Conference on Mining Problems, held in Geneva from November 25 to December 7.

AGRICULTURAL WORKERS' DELEGATION. A delegation of the Union of Agricultural Workers of Poland visited Yugoslavia from November 5-20 as guests of the Yugoslav Agricultural Federation. The Polish visitors were headed by the Secretary of the Federation, Leh Kohanski.

VISIT TO EASTERN GERMANY. Dušan Šijan, President of the Central Committee of the Union of Chemical Workers of Yugoslavia, left Belgrade on December 2 for a ten-day informative visit of the Union of Chemical Workers of Eastern Germany.

CULTURAL AND SCIENTIFIC INSTITUTIONS

YUGOSLAV PHYSICIST IN JAPAN. Dr. Pavle Savić President of the Yugoslav Commission on Atomic Energy, left for Tokyo on December 1 to visit Japanese nuclear centers.

ITALIAN GRAPHIC ART EXHIBITION. Within the scheme of cultural exchanges between Italy and Yugoslavia, an Exhibition of Italian Contemporary Graphic Art was opened in Ljubljana on December 3. The displays included 153 works by 126 noted Italian artists, the exhibits being those that were shown at the Biennial of Graphic Art in Venice.

ACADEMIC COUNCIL RECEIVES POLISH GUESTS. The Yugoslav Academic Council received as guests the Polish scientists, Professor N. Nales engineer, S. Slivinski, engineer, and the academician, Vitold Doroševski, who stayed in Yugoslavia from November 29 to December 11, visiting several scientific institutions in various towns during that period.

FRENCH ECONOMIST IN BELGRADE. François Perroux, noted economist, professor at the Collège de France, and director of the Institute for Applied Economics in Paris has arrived in Belgrade. During his fortnight's Yugoslav visit, sponsored by UN Technical Assistance, Professor Perroux will inspect some University centres and give lectures on monetary problems, the theory of structural and secular inflation, and the theory of integration.

SOVIET ARCHITECTS RETURN VISIT. A group of Soviet architects arrived in Belgrade on December 11 to return last month's visit of a delegation of Yugoslav architects to the Soviet Union. The Soviet guests were headed by Mr Kuznetsov, the noted Soviet architect.

YOUTH ORGANIZATIONS

ITALIAN SOCIALIST YOUTH CONGRESS. A delegation of the People's Youth of Yugoslavia attended the Congress of Socialist Youth of Italy, held in Salerno on December 12-15.

INTERNATIONAL STUDENTS' WEEK. A representative of the Federation of Students of Yugoslavia attended the International Students' Week, held in Stockholm from December 7 to 14.

DELEGATION OF COMMUNIST YOUTH OF ITALY. A delegation of Young Communists of Italy arrived in Beograd on December 10 at the invitation of the Central Committee of the People's Youth of Yugoslavia. During their fortnight's stay in this country the guests visited a number of places in Slovenia, Croatia, Bosnia and Serbia and had conversations with representatives of the Yugoslav youth regarding future co-operation between the two organizations.

AT THE AUSTRIAN FREE YOUTH CONGRESS. The President of the Central Committee of People's Youth of Yugoslavia attended the Congress of Austrian Free Youth which was held in Vienna in December.

OTHER CONTACTS

INTERNATIONAL UNION OF RAILWAYS. Blagoje Bogavac Director General of Yugoslav Railways, headed the Yugoslav Delegation to the Fifteenth Regular Session of the General Assembly of the International Union of Railways, held from December 9 to 11 in Paris. The Regular Meeting of the Union's Administrative Committee was also held during the session.

EXCHANGE OF FILMS. An official Italian Film Delegation arrived in Belgrade on December 10, headed by Signor de Orta, Deputy Director General of the General Beard of Artistic Performances. The members of this delegation conducted negotiations with Yugoslav officials for the conclusion of a film agreement. On the same date an East-German Film Delegation also arrived, headed by Richard Sperk, business manager of the DEFA company. The delegates discussed the subject of film exchanges next year with the representatives of „Jugoslavija-Film.”

NEGOTIATIONS AND AGREEMENTS

MIXED COMMISSION ON IRON GATES HYDRO-ELECTRIC PROJECT. The Yugoslav-Rumanian Mixed Commission on the Construction of the Iron Gates Hydro-electric Project met on December 6 in Bucharest. The Yugoslav delegates headed Čedomir Miličević, Director General of the Union of the Yugoslav Power Industry. The meeting was devoted to reviewing the reports and recommendations of the Technical Commission and the Technical Documentation Commission, which had been charged with preparing material for an economic-technical memorandum on the possibilities of harnessing the Danube in the Iron Gates sector for generating electricity, improving navigation and utilizing the waters for irrigation.

TECHNICAL CO-OPERATION WITH CHINA. A Chinese scientific and technical delegation arrived in Belgrade at the end of November to take part in the Second Regular Session of the Yugoslav-Chinese Mixed Commission on Scientific and Technical Co-operation.

NEGOTIATIONS ON SOCIAL INSURANCE. Talks for the conclusion of a Yugoslav-Bulgarian Convention on Social Insurance were begun in Belgrade on December 9.

TRADE NEGOTIATIONS WITH RUMANIA. Conversations were held in December in Belgrade, concerning commodity exchanges between Yugoslavia and Rumania in 1958. It is expected that more than a million-dollar increase either way be expected in the trade between the two countries in 1958.

YUGOSLAV-ISRAELI GOODS EXCHANGES COMMISSION IN SESSION. The Yugoslav-Israeli Mixed Commission on Goods Exchange met in Belgrade on December 6. It is believed that the occasion served to analyse the trend of trade exchanges between the two countries and to seek solutions to certain problems involving the occasional character of the exports and imports, as well as those concerning financial matters.

AGREEMENTS WITH CZECHOSLOVAKIA RATIFIED. Instruments ratifying the three agreements recently concluded between Yugoslavia and Czechoslovakia were exchanged in Prague on November 28. This includes the Agreement on Co-operation in Culture, Art, Science, Schooling and Education, the Convention on Co-operation in Social Welfare, and the Convention on Social Insurance.

AGREEMENT WITH HUNGARY. A Yugoslav-Hungarian Agreement on Plant Protection was signed in Budapest on December 6. The document serves to regulate the standards of co-operation and define joint and independent drives for pest control in the two neighbouring countries.

CHRONOLOGY OF POLITICAL EVENTS

December 3 Both houses of the Federal Peoples Assembly began a debate on the long term Economic Plan for 1957/61. The report on the draft plan was submitted by Milentije Popović, member of the Federal Executive Council, while Hasan Brkić, President of the Foreign Trade Committee, submitted a report on foreign trade.

December 3 According to a decision of the Federal Executive Council, Moma Marković, member of the Federal Executive Council, was appointed Secretary of Labour of the Federal Executive Council, Peko Dapčević, member of the Federal Executive Council, was appointed Secretary for Transport and Communications of the FEC, and Slavko Komar, FEC member, was appointed Secretary for Agriculture and Forestry of the FEC.

December 4 The Federal Assembly adopted the long-term Economic Plan for 1957/1961 and passed the Law on Pension Insurance. A report on this law was submitted by Moma Marković, member of the Federal Executive Council.

December 7 The ninth Plenary Session of the Central Committee of the Yugoslav League of Communists was held at Brioni. The first part of the Plenum was devoted to special meeting to celebrate President Tito's twentieth year as Secretary General of the Yugoslav Communist Party. During the second part of the session Edvard Kardelj submitted a report of the delegation of the Central Committee of the Yugoslav League of Communists which attended the Fortieth Anniversary Celebrations of the October Revolution in Moscow. The Plenum approved the report and work of the delegation.

December 10 The Federal People's Assembly approved the Law on Labour Relations and Law on Powers of Peoples Committees, Municipalities and Districts.

DIPLOMATIC DIARY

December 3 Gustav Vlahov was appointed new Yugoslav Envoy to Pakistan by decree of Josip Broz Tito, the President of the Republic.

December 5 President Tito received Georges Delcoigne former, Ambassador Extraordinary and Plenipotentiary to Yugoslavia, at farewell visit, and presented him with the Order of the Yugoslav Flag, first class for his successful contribution to the development of friendly relations and cooperation between Belgium and Yugoslavia.

December 6 Mustafa Vilović, former Counsellor to the Yugoslav Embassy in Paris, was appointed Envoy Extraordinary and Minister Plenipotentiary of Yugoslavia in Morocco by decree of the President of the Republic.

December 6 President Tito received Mr James Riddleberger US Ambassador Extraordinary and Plenipotentiary to Yugoslavia, at Brioni.

December 8 President Tito agreed to the appointment of Eleonora Steiner, former Deputy Minister of Foreign Trade of East Germany, as Envoy Extraordinary and Minister Plenipotentiary of East Germany to Yugoslavia.

December 8 Salko Fejč, Yugoslav Ambassador to Argentina, was appointed Envoy Extraordinary and Minister Plenipotentiary of Yugoslavia to Paraguay, with headquarters in Buenos Aires.

December 8 Mohammed Masmudi, first Envoy Extraordinary and Minister Plenipotentiary of Tunisia to Yugoslavia, whose headquarters are in Paris, arrived in Belgrade.

OUR NEW CONTRIBUTORS

DURO IONČAREVIĆ, Major General of the Yugoslav People's Army, has held various responsible posts in the Army since the Liberation of the country. Publicist.

RADE NIKOLIĆ, editor of Radio Belgrade. Journalist. Translator of classical and contemporary Spanish literature. Formerly on the staff of Radio Yugoslavia.

INTERVIEW WITH ITALIAN MINISTER OF FOREIGN TRADE. 1

VIEWS AND OPINIONS

COLLUSION AND THE ROLE OF MASSES — M. Vilfan — 2

PERSONALITIES AND POLITICS

THE MISSION OF DAG HAMMARSKJOLD — — — — 3

JAPAN AND SOUTH-EAST ASIA — M. Janićić — — — 5

ECONOMIC CONTRADICTIONS IN NATO — V. Milenković 7

MILITARY COMMENT

MILITARY ASPECTS OF THE ATLANTIC PACT — M. Simić 9

FORTNIGHT IN THE WORLD

THREE PROBLEMS BEFORE UNO — V. Cvjetić — — — 11

THE DUTCH — INDONESIAN DISPUTE — N. Dubravčić — 12

SPAIN AND MOROCCO — R. Nikolić — — — — 13

COMMENTS

FAO FACED WITH NEW TASKS — Lj. Sekulić — — — 15

THE ROAD TO STABILITY AND PROGRESS — J. Almuli — 16

LAOS IMPLEMENTS GENEVA DECISIONS — V. Baum — — 18

YUGOSLAVIA TODAY

THE YUGOSLAV PEOPLE'S ARMY — Đ. Lončarević — — — 19

DOCUMENTS

MEETINGS AND TALKS — — — — — — — — 20

NEGOTIATIONS AND AGREEMENTS — — — — — — — 21

CHRONOLOGY OF EVENTS — — — — — — — — 21

DIPLOMATIC DIARY — — — — — — — — 21

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GET TO KNOW YUGOSLAV INDUSTRY



AUTOMOBILE FACTORY PRIBOJ

THE LARGEST YUGOSLAV ENTERPRISE FOR THE PRODUCTION OF HEAVY MOTOR VEHICLES

By *Milan MILETIĆ*
Director-General of FAP

The post-war economic development of Yugoslavia passed through two different phases. During the first phase great efforts were being made to reconstruct the general economic potential which was ruined in the war, and in the second planned industrial development was promoted. It was in this second phase of economic development that the entire face of the country was changed, together with its economic structure. The development of the key industries, which was the chief aim of the plan of economic policy, created better possibilities for Yugoslavia's all round and equal participation in world trade. It lead to Yugoslavia's economic emancipation, i.e. it developed the internal production forces to an extent that the country's position in international economic relations was essentially changed. Before the war, Yugoslavia, on account of her economic backwardness and semi-colonial economic structure, was dependent on developed countries. She appeared in the world market as an exporter of agricultural products and industrial raw materials only, and that placed her in an inferior position and restricted her economic relations. The post-war development not only expanded the basis of her international trade, but made it possible for her to take an important place in world economic cooperation. At present she has her own industry which manufactures goods and

carries on business as all modern establishments, industry which is capable of appearing in the market and compete with the industries of developed countries.

Yugoslavia's industrial and technological advance can best be explained by the progress made in the automobile industry which began to develop only after the war, in the era of socialism. Investments in this industry have made it possible for the domestic automobile factories not only to satisfy the most essential needs of the country, but also to export certain types of vehicles. It is noteworthy that the domestic factories mastered, in a record time, the production of lorries, buses, trolley-buses, passenger cars, diesel engines, tractors,

motorcycles, and other types of light and heavy vehicles, as well as of the various car parts and equipment. Making use of the experience gained by most developed industrial countries, the Yugoslav factories have purchased production licences from renowned world firms, including Sauer Werke A. G. of Vienna, Fiat of Italy, Ferguson and Perkins of Britain and so on. There is today a large number of factories which make use of such licences. Yugoslavia has taken a place among industrially developed countries and she enjoys the reputation of a valuable partner in world trade.

FAP LORRIES



FABRIKA AUTOMOBILA — PRIBOJ

The largest Yugoslav enterprise producing heavy motor vehicles is Fabrika Automobila — Priboj. (FAP). According to results achieved by this young and developing enterprise, it can be said to be one of those establishments which are of exceptional importance for the Yugoslav economy. Since the scope of its activity has surpassed the borders of the country, it is beginning to be an interesting establishment also for foreign businessmen. Despite its short experience and despite keen international competition, Fabrika Automobila — Priboj has shown to many foreign buyers that the products of the Yugoslav automobile industry are of good quality and that it can export considerable quantities of cars and other products. It has gained a great reputation and confidence. As it is in the process of constant expansion, FAP, with its potential possibilities, has a fine future.

PURCHASE OF PRODUCTION LICENCES

The successes made so far are, naturally, the result of the efforts of the factory's staff and of investments, and, primarily, of the work on the improving of production processes, on the mastering of technological science in which the factory now does not lag behind modern standard of industrialized countries. It has at its disposal most modern machines and equipment. Before the present equipment was installed, a special commission of the factory staff had toured a number of well known European car factories to choose various machines and to study the latest technological achievements and methods of work and production.



In this respect, one of the most important steps in the development of FAP was the decision to purchase production licences. The factory approached this task seriously, being conscious that it was thus laying down the foundations for the production of vehicles at home. The purchasing of production licences, i.e. the choice of vehicles was preceded by thorough preparations, the aim of which was to solve this problem in all its aspects in accord with the domestic conditions, the needs of the national markets and chances of exports. Within these preparations the factory organized a test drive through Yugoslavia to which it invited the best known European firms which produce vehicles and diesel motors. About fifteen European factories sent various types of their vehicles to take part in this drive. These included Alfa Romeo, Fiat, Mercedes, Sauer Werke, MN, Berlie, Renault and others. Organized over most difficult roads, where the different types of vehicles were to show their qualities and endurance, the drive lasted three months, and it was for

two categories of vehicles — single vehicles and vehicles with trailers.

The best results in this drive, in regard to robustness, endurance and economical operation, were achieved by the vehicles of MN, Sauer Werke, Mercedes and Berlie, which were immediately put down as a probable choice. But to make the best possible choice, the factory named a special commission which toured all these firms to study their production processes, technical achievements and possibilities of cooperation, as well as the terms for the production of their vehicles by licence. Finally, on the basis of thorough studies and tests, it was concluded that, in view of the Yugoslav conditions, the most suitable, economically and technically, were the vehicles of Sauer Werke, Vienna, from which the factory purchased a production licence. In doing this, the factory had in mind the climate and conditions prevailing in foreign markets to which the vehicles to be produced could be exported. Therefore, the choice went to Sauer Werke, whose vehicles, in addition to the said qualities, are suitable for the so-called warm areas (regions with high temperature, as Yugoslavia, Greece, Turkey, Middle East, Asia and so on).

It is noteworthy that, at the time when the production licence was purchased, the factory was, so to say, not existing; all of its halls were not yet completed. At first, owing to the lack of equipment, the factory established cooperation with thirty and more enterprises in the country, paying special attention to its own investment programme and technological advance. In its own plants, and in cooperation with other enterprises, the factory soon mastered the production of its fundamental vehicle. And today it supplied the basic needs of the country in motor vehicles, and it can make lorries and buses for export as well.



ENTERIER OF THE GRAND TOURISMIC FAR BUS



FAP TIPPING TRUCK

PRODUCTION PROGRAMME

The production programme of Fabrika Automobila — Priboj gives the greatest attention to the production of heavy vehicles — lorries and buses. Having specialized in the production of such vehicles, the factory is today making lorries from 5 to 12 tons which are very suitable for the building industry, road transport in mountainous areas, mining and so on. These are ordinary lorries, but the factory also makes 5 to 12 ton lorries with tipping bodies. All these lorries have a four wheel drive. FAP's lorries with a four wheel drive can be used on marshy land too. FAP's lorries show good performance on climbing roads and in bends, so that they are very suitable for areas in which roads are bad and climatic conditions difficult. Apart from this, they develop high speeds and are extremely durable. They are robust and economical vehicles. Lorries of 5 tons use 14 litres of fuel per 100 kilometres, and 7 ton lorries 19 litres. It must be mentioned that FAP endeavours to make uniform spare parts (pistons, cylinder heads, crankshafts, bearings etc.).

FAP's 5 ton lorries are equipped with 90 HP 4 cylinder 4 stroke diesel engines. This engine has a compression ratio of 1:18, maximum revolutions per minute 2,200, and it weights, without water, 450 kilograms. Following are some technical data for the 5 ton lorry:

	Ordinary lorry	Lorry with tipping body
Chassis length	4,200 mm	4,200 mm
Wheelbase (back wheels)	1,650 "	1,650 "
Total length	6,720 "	6,720 "
Width	2,200 "	2,200 "
Turning radius	7,400 "	7,400 "
Tyre dimensions	900-20	900-20
Load endurance of the chassis	over 7,000 kg	over 7,000 kg

SPECIAL VEHICLES

FAP does not make lorries and buses only. It also manufactures special vehicles which are used in communal services and transport. These include various tankers for fuel and water, refuse collecting trucks, fire fighting vehicles and different kinds of trailers.

All these vehicles are of standard make, but they can also be made to specifications of the customers.

It is interesting to note that the factory will next year make refrigerator cars as well.

FAP ON FOREIGN MARKETS

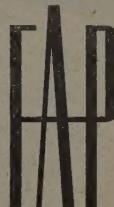
After their affirmation in the country, FAP's vehicles began to be marketed in countries for which they are suitable on account of their exceptional qualities and endurance under most difficult climatic and road conditions. The factory is receiving many inquiries from foreign buyers who are interested in its products. It has established business contacts with businessmen from many countries, including Egypt, Greece, Syria, Turkey, Asian countries and so on. FAP's vehicles are already being used in some countries, such as Ethiopia, Syria and Turkey, where they proved to be particularly suitable for the conditions prevailing there. The owners of these vehicles have praised them for their sturdiness, durability and economic performance.

FAP is now in contact with importers of Poland, with whom it is negotiating sales of vehicles, and various inquiries have come from the countries of Latin America too.

The great activity of the factory is reflected by its participation in trade fairs abroad, where it has had good success so far. Particularly noted was its participation at the fairs in Damascus and Salonika this year, when it acquainted foreign businessmen with its products and possibilities of exporting them. In Damascus in September this year, the factory had a considerable success. It then demonstrated the performance of its 7 ton lorry to a number of technicians and businessmen, and it showed a special film on the factory's production. As a result, negotiations for definite deals are now in progress with Syrian customers.

At the fair of Salonika, FAP also demonstrated its vehicles, this time the "Grand Turismo" bus. There too it had a notable success, and Greek buyers have already ordered 60 lorries and buses of different types.

Expanding its international relations and business, FABRIKA AUTOMOBILA — PRIBOJ is affirming itself on the world market as an enterprise which is capable of satisfying the taste and requirements of different markets in heavy motor vehicles.



Speed per hour in kilometres		
1st	7.5	7.5
2nd	14	14
3rd	25	25
4th	41	41
5th	64	64
Reverse	8	8
Performance		
Uphill gradients with trailer	32%	32%
Fuel tank capacity	100 litres	100 litres
Oil consumption lit/100 km	1/2	1/2

FAP's 7 ton lorries are equipped with 130 HP 6 cylinder 4 stroke engine. The compression ration of this engine is 1:18, its maximum revolutions 2,000 and it weighs 610 kilograms without water. The length of the lorry chassis is 4,600 mm, wheelbase 1,720 mm, total length 7,890 mm, width 2,350 mm, turning radius 8,500 mm, loading endurance of the chassis 8,000 kilograms, and it develops the following speeds: in kilometres per hour 1st — 7, 2nd — 14, 3rd — 26, 4th — 42, 5th — 62, reverse — 6. It can negotiate 35% steep gradients.

BUSES

FAP's special vehicles are buses with 30 to 60 seats. These buses are made to ensure excellent comfort and are manufactured as desired by the buyer, for shorter or longer routes. For tourist agencies, FAP makes the well known luxury "Grand tourism" buses. All buses made by FAP have been favourable received on the market.

FAP's buses are equipped with 130 HP 6 cylinder diesel engine.

The factory is constantly trying to improve its buses for long routes, so that next year already it will be producing special types of luxury buses. Its new lorries will have special cabins with double seats and a bunk.

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